

Manufacturer Climate Action Program

Criteria and Recommendations for Science-Aligned Target Setting

May 2026 – Version 4.1.1

Overview

This document includes criteria for textile, apparel, footwear companies, home furnishings, sporting and outdoor goods, bags and luggage industries to set near-term science-aligned greenhouse gas (GHG) reduction targets for scope 1 and 2 emissions under Cascale’s Manufacturer Climate Action Program (MCAP). These criteria are derived from the latest [corporate near-term criteria](#) from the Science-Based Targets initiative (SBTi version 5.3.1, April 2026) – the key distinction being that MCAP does not require companies to set a scope 3 target, and this document covers scope 1 and 2 near-term targets only. Companies wishing to have scope 3 and / or long-term (net-zero) targets validated should go through the regular SBTi process.

For companies wishing to go into more detail on greenhouse gas accounting (the foundation for science-based targets), please refer to the Greenhouse Gas Protocol [Corporate Standard](#) (GHG Corporate Standard) and the [Scope 2 Guidance](#).

List of Criteria

Organizational boundary

C1 – Organizational boundary: MCAP recommends that manufacturers submit targets at the parent or group level, however subsidiaries may apply to MCAP to set independent science-aligned targets even if the parent company already has validated targets in place.

When the parent company submits targets, it must:

- Use an appropriate consolidation method in line with the GHG Corporate Standard –equity share or control (financial or operational)—and explain why the chosen approach is appropriate.
- Provide a listing of all entities included in the boundary (e.g. subsidiaries and joint ventures) and the percent of equity held.
- Include all subsidiaries within the chosen consolidation boundary.
- Ensure any mergers, acquisitions or divestments are reflected in the GHG inventory within a reasonable timeframe—recommended as by the end of the next reporting year.
- Identify any excluded entities, quantify their emissions and explain why they are not included. Exclusions must not exceed 5% of total scope 1, 2 and 3 emissions.

Subsidiary can participate and set their own independent targets, provided that they can clearly define their organizational boundary, emission scope and explain their relationship to the parent group that they are:

- A legally recognized company with its own business license.
- Control boundary: All entities under the subsidiary's control must be included in the target boundary.
- When consolidating GHG emissions: The subsidiary must apply a valid consolidation approach aligned with the [GHG Protocol](#) (e.g., financial control, operational control, or equity share)
 - Financial control
 - Operational control
 - Equity share
- The selected consolidation approach shall be disclosed as part of the target submission and validation process.
- The same rules on emission exclusions applicable to parent companies shall also apply to subsidiaries.
- No more than 5% of emissions may be excluded from Scope 1 and Scope 2, and separately from Scope 3.
- Any exclusions must be quantified and clearly explained.
- Subsidiary-Level Targets: Subsidiaries are allowed to set their own independent science-aligned targets, but their target must be included within the parent company's overarching SBTi submission based on the consolidated boundary if the parent company has SBT.

Note: Setting organizational boundaries: The MCAP program strongly recommends that a company's organizational boundary, as defined under the GHGP Corporate Standard, aligns with the boundary used in its financial accounting and reporting processes. Companies should maintain the same organizational boundary consistently from year to year.

GHG coverage

C2 - Greenhouse gases: The targets must cover all seven of the relevant GHGs as required per the GHGP Corporate Standard.

Scope coverage

C3 - Scope 1 and scope 2: The targets must cover company-wide scope 1 and scope 2 emissions, as defined by the GHGP Corporate Standard.

C4 - Significance thresholds: Companies must not exclude more than 5% of the total combined Scope 1 and Scope 2 emissions from either the GHG inventory boundary or the target boundary.

Emissions coverage

C5 - Scope 2 accounting approach: Companies can use either a location- or market-based accounting approach as per the [GHG Protocol Scope 2 Guidance](#) to calculate base year emissions and to track performance against a target. The GHG Protocol requires measuring and reporting scope 2 emissions using both approaches. However, a single and consistent approach must be used and disclosed for setting and tracking progress.

C6 - Bioenergy accounting: CO₂ emissions from the combustion, processing, and distribution phase of bioenergy and the land use emissions and removals associated with bioenergy feedstocks shall be reported alongside a company's GHG inventory. Furthermore, CO₂ emissions from the combustion, processing, and distribution phase of bioenergy and the land use emissions and removals associated with bioenergy feedstocks shall be included in the target boundary when setting a science-aligned target (in scopes 1 and/or 2, as relevant) and when reporting progress against that target. CO₂ emissions and removals should be reported according to [GHG Protocol standards and guidance](#).

- Companies report biogenic CO₂ emissions from bioenergy combustion/processing/distribution separately from the main GHG inventory.
- Net biogenic CO₂ is included in the Scope 1 target boundary.
- Required footnote included in the target: "The target boundary includes land-related emissions and removals from biogenic feedstocks."

C7 - Carbon credits: The use of carbon offsets or credits must not be counted as emission reductions toward the progress of companies' MCAP science-aligned targets for Scope 1 and 2.

C8 - Avoided emissions: Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-aligned targets for Scope 1 and 2.

Method Validity

C9 - Base and target years: Absolute reduction near-term targets must cover a minimum of five years and a maximum of 10 years from the date the target is submitted for validation. The recommended baseline year is 2019 or later, and scope 1 and scope 2 targets must use the same base year. Companies should select base years for which they have complete and representative GHG emissions data.

C10 - Progress to date: Targets that have already been achieved by the date they are submitted to the MCAP are not acceptable.

C11 - Level of ambition for scope 1 and 2 targets: At a minimum, scope 1 and scope 2 targets must be consistent with the level of decarbonization required to keep global temperature increase to 1.5°C compared to pre-industrial temperatures.

C12 - Combined scope targets: Targets that combine scope 1 and 2 are permitted.

C13 - Renewable electricity: Targets to actively source renewable electricity at a rate that is consistent with 1.5°C scenarios are an acceptable alternative to scope 2 emission reduction targets, only if the target is 80% renewable electricity procurement by 2025 and 100% by 2030. The thresholds (portion of renewable electricity over total electricity use) for this approach are in line with the recommendations of RE100. Companies that already source electricity at or above

these thresholds shall maintain or increase their use of renewable electricity to qualify.

C14 – Purchased heat and steam: For science-aligned target modelling purposes, it is recommended that companies model purchased heat and steam-related emissions as if they were part of their direct (i.e. scope 1) emissions.

C15 – Reporting frequency: MCAP manufacturers are required to publicly report their company-wide GHG emissions inventory and progress against published targets on an annual basis, as part of the MCAP requirements. Cascale will provide an annual reporting template that manufacturers can use to regularly report their progress.

Target Validity and Recalculation

C16: Mandatory Target Review: Companies shall review all active targets at least every five years to ensure alignment with the latest MCAP criteria. If the targets do not comply with the updated MCAP criteria, they must be revised and revalidated.

C17: Recalculation and target validity: Targets must be recalculated and revalidated when significant changes occur that may affect or compromise the existing target. The following situations require a target recalculation:

- Changes in the consolidation approach used for the GHG inventory.
- Significant changes in excluded emissions within the inventory or target boundary.
- Major changes in company structure or activities, such as acquisitions, divestitures, mergers, insourcing or outsourcing, or changes in products or services offered.
- Updates to data sources or calculation methodologies that result in significant changes to the organization's base year emissions or the target boundary base year emissions, including the discovery of major errors or multiple cumulative errors.

Scope 3

MCAP companies are only required to set targets on scope 1 and 2 emissions. For companies interested in understanding scope 3 emissions, and scope 3-specific criteria and requirements, please see the GHG Protocol Corporate Value Chain [Standard](#) and the SBTi [criteria](#).

Definitions from

[SBTi standard operating procedure for entities registration v1.0 July 2025](#) :

Parent/ group company: An Entity that controls one or more subsidiary entities. A parent entity must prepare consolidated financial statements and a consolidated management report if it meets any of the following criteria:

- Majority Voting Rights and Control Through Voting Rights.
- Appointment Rights: The parent entity has the right to appoint or remove a majority of the members of the administrative, management, or supervisory body of another entity (a subsidiary entity) and is also a shareholder or member of that entity.
- Dominant Influence: as outlined below.
- Unified management: The parent entity and one or more other entities, are managed on a unified basis according to a contract or the memorandum or articles of association of those other entities; or
- The administrative, management, or supervisory bodies of the parent entity, consist mainly of the same persons during the financial year and until the consolidated financial statements are drawn up. A parent entity and all its subsidiary entities must be consolidated regardless of the location of the subsidiary entities' registered offices.

Subsidiary: An entity controlled by a parent entity, including any subsidiary entity of an ultimate parent entity. It must be consolidated in the parent's financial statements. The parent entity is required to prepare consolidated financial statements if it meets certain criteria, such as majority voting rights or the ability to exert dominant influence.