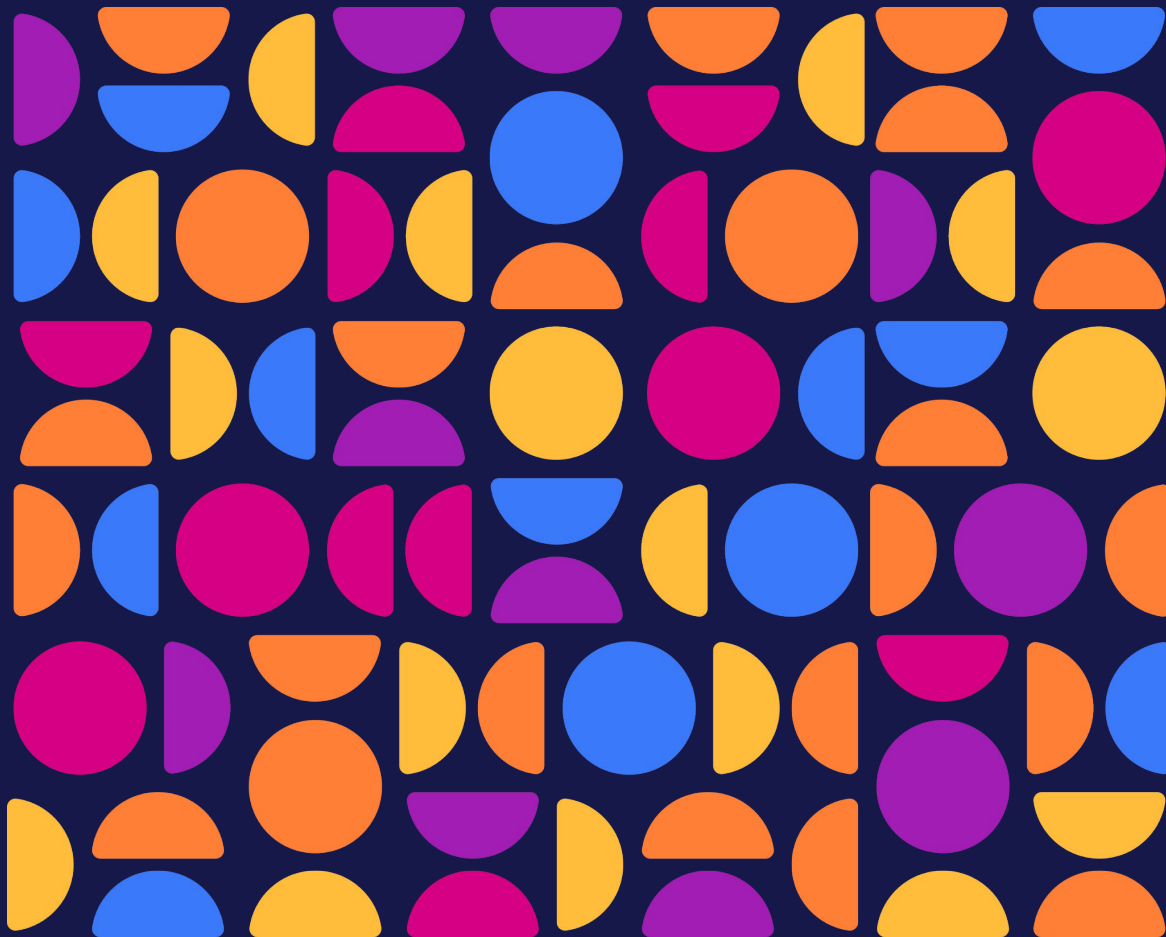


Manufacturer Climate Action Programme (MCAP)

Cascale

June 18, 2024



Meet the Trainer



Ringo Yu

Manager, Manufacturer
Climate Action Program
Cascale

Cascale (formerly SAC)

Since 2009, the Sustainable Apparel Coalition (SAC) has evolved. Today, we proudly introduce our new branding "**Cascale**" – a symbol of a new era, dedicated to leading the way toward a consumer goods industry that gives back to people and the planet. We remain fully committed to maintaining and strengthening our relationships with our 300+ valued members and stakeholders, while welcoming new members in expanded product categories, fostering synergy across sectors and regions.

Formerly known as Sustainable Apparel Coalition (SAC)



A NEW ERA OF IMPACT FOR GLOBAL APPAREL AND CONSUMER GOODS

About Cascale

Cascale is the global nonprofit alliance catalyzing collective action toward equitable and restorative business practices in the consumer goods industry.

Our mission is to catalyze collective action towards an equitable and restorative consumer goods industry, by aligning our global community around shared goals, developing and executing joint solutions, and leading the acceleration of impact at scale with our strategic partners.

Our shared vision is to be a global consumer goods industry that gives more than it takes—to the planet and its people.

With
302
global members

Represent
33+
countries

Higg Index
+24k
users

Higg Index



Product Tools

Life cycle assessment (LCA) tools that give insights into environmental impacts of producing materials and products.

Tools included: Higg Materials Sustainability Index (MSI); Higg Product Module

Purpose: To understand the environmental impacts of different production choices when designing a product



Facility Tools

Assessments that give insights into social and environmental performance of facilities.

Tools included: Higg Facility Environmental Module (FEM); Higg Facility Social & Labor Module (FSLM)

Purpose: To identify opportunities for continuous sustainability improvement in manufacturing facilities



Brand & Retail Tool

An assessment that gives insights into social and environmental performance of brands and retailers.

Tool included: Higg Brand & Retail Module (BRM)

Purpose: To identify opportunities for continuous sustainability improvement in company operations.

Cascale

Cascale is the global nonprofit alliance catalyzing collective action toward equitable and restorative business practices in the consumer goods industry.

Cascale owns and develops the Higg Index. Initially formed to create standardized sustainability metrics, Cascale has sharpened its focus to driving pre-competitive collective action for a unified industry transformation. Cascale convenes support to combat climate change, ensure decent work, and contribute to a nature-positive future.

worldly™

Worldly is a comprehensive impact intelligence platform that hosts, connects with, and supports leading industry solutions and methodologies, including the Higg Index.

Worldly was launched in 2019 as a public-benefit technology company to build software for sustainability assessment methodologies; it is a separate company from the Cascale. Worldly is Cascale's technology partner and the exclusive licensee of the Higg Index.

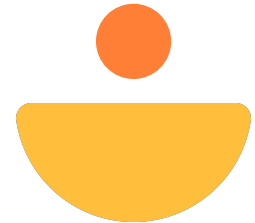
Higg Index

The Higg Index is a suite of tools for the measurement of value chain sustainability, developed by the Sustainable Apparel Coalition and hosted exclusively on Worldly.

The Higg Index consists of five tools: the Higg Facility Environmental Module (FEM), Higg Facility Social & Labor Module (FSLM), Higg Brand & Retail Module (BRM), Higg Materials Sustainability Index (MSI), and Higg Product Module (PM).

Our Collective Challenge

To stay within 1.5°C of warming, we must reduce global greenhouse gas emissions 45% by 2030, and to net zero by no later than 2050



Manufacturer Climate Action Program (MCAP)

A Supplier Climate Engagement and Onboarding Program

- **Launched in September 2023**
- **18-month program** to accelerate target setting for manufacturers at corporate level
- **Advisory support** to help manufacturers to get started on their decarbonization journey
- **Tools, training and guidance** to set science-aligned targets and make progress
- **MCAP provides a stepwise, intermediate and pragmatic approach to accelerate target setting for manufacturers**

Manufacturer Climate Action Program

What is the Manufacturers Climate Action Program (MCAP)?

The Manufacturers Climate Action Program (MCAP) is a program managed by Cascale that aims to accelerate the adoption of science-aligned targets (SATs) on climate change and a reduction of greenhouse gas (GHG) emissions by apparel, footwear, and textile manufacturers. MCAP includes criteria, tools, and guidance to support manufacturers to set targets, take action, and report on progress. MCAP is only available to manufacturers.

MCAP is based on a program developed by World Resources Institute (WRI) and Nike to support manufacturing suppliers in setting targets, managing climate risk, and reporting on progress toward climate goals. The program is based on and adheres to the criteria and requirements of the Science Based Targets Initiative (SBTi) as well as the Greenhouse Gas Protocol.

MCAP provides apparel, footwear, and textile manufacturers with an opportunity to have their emission reduction targets validated by approved third-party organizations.

Approved third party target validators

Cascale has contracted with the external approved third-party organizations to serve as validators for MCAP targets. These firms have been selected based on their expertise on MCAP-related topics, including GHG inventory development and target evaluation. Each MCAP target will be reviewed by one of them. Cascale will play an oversight role to ensure consistency across the MCAP validations.

What support will Cascale provide to manufacturers through MCAP?

Cascale has prepared MCAP-specific resources, including the criteria and requirements, commitment letter and target submission form. When manufacturers commit to MCAP, Cascale will provide high-level training on the MCAP process, GHG accounting, and target setting. Cascale and the third-party validators will answer questions as manufacturers begin to develop their inventories and targets. Cascale will also dedicate 10 hours of online and offline advisory support per year to manufacturers who would like to ask us related questions.

What is the Manufacturers Climate Action Program (MCAP)?

MCAP provides a structured approach to support manufacturers in setting SATs. MCAP helps manufacturers:

- Realize shared vision on decarbonization
- Improve competitiveness
- Align carbon strategies and actions
- Enhance operational resiliency
- Increase investor confidence
- Satisfy stakeholder expectations
- Increase innovation

JOIN MCAP

To discover how MCAP can benefit your organization and the planet, your active participation is vital in addressing the climate crisis together.

QUESTIONS/ SUGGESTIONS?

You can find us at mcap@cascale.org
Visit the [Decarbonization program page](https://cascale.org/road-to-decarbonization-program)
[@Cascale Connect](https://cascale.org/road-to-decarbonization-program) (Cascale members only)

For more info, visit:
<https://cascale.org/road-to-decarbonization-program>
[@manufacture-climate-action-program](https://cascale.org/road-to-decarbonization-program)

KEY ELEMENTS OF MCAP FRAMEWORK

COMMIT TO SCIENCE-ALIGNED TARGETS (SCOPE 1 AND 2)

Pledge to science-aligned emission reduction goals, a fundamental step toward a sustainable future.

EVALUATE CLIMATE RISK

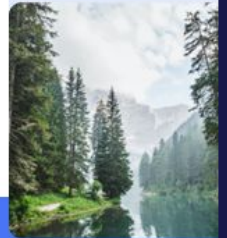
Manufacturers are encouraged to assess and document the risks to their operations from climate change. This analysis serves as a bridge for engaging value chain partners, including brands.

DEVELOP A DECARBONIZATION PLAN

Craft a roadmap for emission reduction, addressing the growing demand for transparency and enabling manufacturers to plan investments and resources effectively.

ANNUALLY DISCLOSE PROGRESS

Champion transparency by publicly sharing annual progress reports toward targets, cultivating a culture of accountability and growth.



Background:

Evolving and Converging Brand-Specific Programs

- In early 2023, Cascale engaged with Nike and Target on their supplier engagement approach for climate action
- Taking the learnings from members and key industry stakeholders, Cascale develops an industry-wide collective program called MCAP.
- MCAP aims to drive a common approach to accelerate manufacturers' progress in measuring GHG emissions, setting targets, reporting on progress, and mitigating climate change risk

Nike SCAP Participating Manufacturers

Footwear

Feng Tay Group (Taiwan)
Ching Luh Group (Taiwan)
Chang Shin Inc. (S Korea)
Pou Chen (Taiwan)
Tae Kwang Industrial Co. (S Korea)
Shoetown Footwear Co. Ltd. (China)

Apparel

Shenzhou International Group (China)
Ramatex (Malaysia)
MAS (Sri Lanka)
NICE Apparel (Thailand)
TEGRA (United States)

MCAP Overview

- MCAP builds on SCAP and offers the same approach to apparel, footwear, and textile manufacturers
- **MCAP is available to all manufacturers, not just Cascale members**
- Aims to accelerate the number of manufacturers at corporate level to set science-aligned targets for Scope 1 and 2
- Capacity building on climate change risks and climate actions
- Remove barrier of Scope 3 target that many manufacturers face

MCAP Framework: Four Key Elements

Required

Optional



MCAP Framework: Details of Four Key Elements



1. COMMIT SET DISCLOSE A SCIENCE-ALIGNED TARGETS (SCOPE 1 AND 2)

Pledge to the validated science-aligned emission reduction goals, a fundamental step toward a sustainable future.



2. EVALUATE CLIMATE RISK

Manufacturers are encouraged to assess and document the risks to their operations from climate change. This analysis serves as a bridge for engaging value chain partners, including brands.



3. DEVELOP A DECARBONIZATION PLAN

Draft a roadmap for emission reduction, addressing the growing demand for transparency and enabling manufacturers to plan investments and resources effectively.



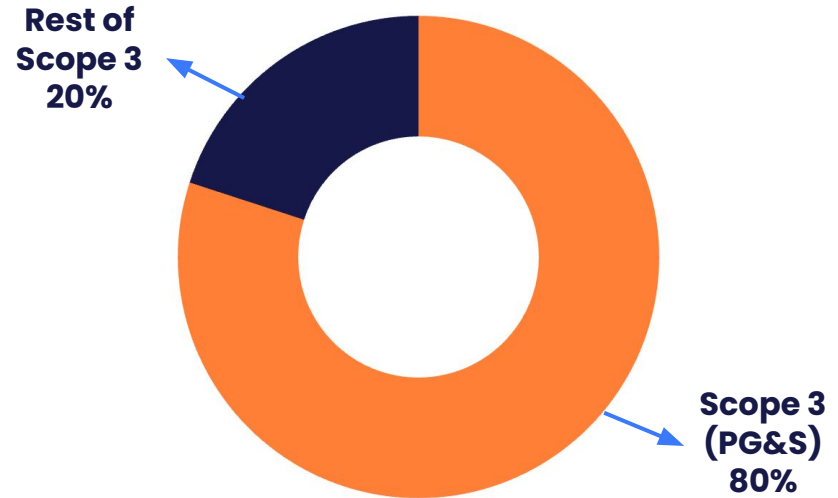
4. DISCLOSE PROGRESS ANNUALLY

Champion transparency by publicly sharing annual progress reports toward targets, cultivating a culture of accountability and growth.

Why MCAP Does Not Require Scope 3:

- PG&S is a significant % of total emissions for brands.
- Manufacturers have less influence upstream, thus MCAP focuses attention on areas within their control (Scopes 1 and 2).
- A brand's PG&S emissions are the Scopes 1 and 2 emissions of its suppliers.
- If suppliers representing a brand's PG&S emissions measure and reduce their Scopes 1 and 2 emissions, then the brand can meet its Scope 3 target.

Brand GHG Emissions



MCAP members are free to set Scope 3 targets under the SBTi process

1. Commit and Set Science-Aligned Target



- Similar process to SBTi
- Main difference: MCAP requires only Scopes 1 and 2
- Manufacturers have six months from their commitment to submit targets
- Cascale will oversee process and maintain a public listing of companies with commitments and approvals (similar to SBTi)
- Targets will be validated by approved third-party validators
- One-time fee of US\$7,600 for MCAP participation

Process Overview



The MCAP process is designed to replicate the SBTi process.

1. COMMIT

- Sign the target commitment form to start the process
- Set up contract
- Pay MCAP fee
- Cascale adds company to “commitment” list in MCAP dashboard

2. DEVELOP

- Companies develop targets based on the MCAP criteria
- Companies have **six** months from commitment date to develop and submit targets
- Cascale provides high-level support

3. SUBMIT

- Companies submit their targets for validation using the MCAP target submission form
- Reviews submissions against MCAP criteria and validation protocol. Validation may include several rounds of feedback and refining of the submission. Total validation time is expected to be 1 to 2 months.
- Approved third-party validators and Cascale share final decision on target approval

4. COMMUNICATE

- When the target is approved, Cascale will change the status on the public MCAP dashboard to “approved”
- Company can communicate an MCAP-approved target publicly
- If a target is not submitted within **six** months, the company will be removed from the Cascale MCAP dashboard



MCAP Target Setting Criteria

- ✓ **Scope:** Company-wide Scopes 1 and 2 emissions (all relevant GHG gases, can exclude 5%)
- ✓ **Subsidiaries:** Target should cover parent company
- ✓ **Timeframe:** Recommended target year of 2030 and base year of 2019 or later
- ✓ **Progress to Date:** Targets already achieved by submission date are not acceptable

- ✓ **Ambition:** Consistent with a 1.5°C pathway (4.2% annual linear reduction). For a 2019 to 2030 target, this would be a minimum 46.2% absolute reduction
- ✓ **Absolute vs. Intensity:** Targets must be in absolute terms
- ✓ **Offsets:** Not counted as reductions towards targets
- ✓ **Reporting:** Annual public disclosure of progress (CDP recommended)

Note: MCAP is eligible for Manufacturers only. Any apparel, footwear, and material manufacturer of Consumer Goods industry* may submit targets under MCAP, including manufacturers which are not Cascale members. Targets must be submitted at the group or parent company level, and not for individual factories or subsidiaries (more on this below).

Approved Third-Party Validators



Leadership & Sustainability



2. Evaluate Climate Risk

- An optional element to MCAP, manufacturers are encouraged to evaluate and document risks to their operations from climate change.
- These evaluations are not required to be shared with Cascale or publicly, but it is recommended that manufacturers use the analysis to engage value chain partners (including brands).
- Cascale will share resources and training to support these evaluations with partners in the future to identify risks and recommend ways to build climate mitigations and resilience.



Resources for Evaluating Climate Risk

- CDP climate change [questionnaire](#) (especially section C2)
- [Aqueduct](#) Water Risk Atlas (WRI)
- Task Force on Climate-Related Financial Disclosures (TCFD) core [recommendations](#)
- Center for Climate and Energy Solutions [primer](#) on climate risk

3. Develop a Decarbonization Plan

- An optional element, manufacturers are encouraged to develop decarbonization roadmaps that show the reduction measures needed to achieve their targets.
- Such roadmaps will help address growing stakeholder calls for transparency and allow manufacturers to plan ahead on investment and resources.
- Reduction measures can include energy efficiency, fuel switch, and renewable energy (onsite and offsite).
- The roadmaps are not required to be shared with Cascale or publicly, but manufacturers should consider using the plans to engage value chain partners (including brands).



Resources for Decarbonization Plans

- [Carbon Leadership Program](#)
- [Clean by Design](#)
- [Playbook for Climate Action \(Fashion Industry Charter for Climate Action\)](#)
- [Roadmap to Net Zero \(WRI and Aii\) and sequel report\)](#)



4. Disclose Progress Annually

- Similar to the SBTi, MCAP companies must publicly report on progress towards their targets on an annual basis.
- This reporting can be done in any public format, e.g., website, sustainability report.
- Cascale encourages MCAP companies to report to CDP, and it is exploring the potential for support in the process.

Member Access [Become A Member](#)

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Manufacturer Name	Country/Region (HoC)	Region	SAC Member	MCAP Status	Details of the Science-Aligned Targets (SATs)	Validated (Month / Year)	Annual Climate Disclosure (Upload)	Climate Risk Evaluation (Yes / No)	Decarbonization Plan (Yes / No)
CHANG SHIN INC.	Republic of Korea	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 42% from 2020 to 2030	Nov-21	2021 disclosure link		
Ching Luh Group	Taiwan	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 48.2% from 2019 to 2030	Oct-21	Non-public disclosure through CDP supply chain		
Feng Tay Enterprises Co Ltd	Taiwan	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 49.2% from 2019 to 2030	Oct-21	2022 disclosure link		
MAS Holdings	Sri Lanka	Asia-Pacific	Yes	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 48.2% from 2019 to 2030	Oct-21	2021 disclosure link		
Nice Group Holding Corp. Ltd.	Thailand	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 50.4% from 2018 to 2030	Oct-21	2022 disclosure link		
Pou Chen Corp.	Taiwan	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 48.2% from 2019 to 2029	Oct-21	Non-public disclosure through CDP supply chain		
Qingyuan City Shoetown Footwear CO., LTD	Mainland China	Asia-Pacific	No	SAT Target Validated	Reduce Scope 1 and 2 emissions by 46.2% from 2019 to 2030	Oct-21	2022 disclosure link		
Ramatex	Singapore	Asia-Pacific	Yes	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 48.2% from 2019 to 2030	Oct-21	Non-public disclosure through CDP supply chain		
Shenzhou International Group Holdings Ltd	Mainland China	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 42% from 2020 to 2030	Oct-21	2022 disclosure link		
TKG TAIKWANG CO., LTD	Republic of Korea	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 46.5% from 2019 to 2030	Oct-21	2021 disclosure link		
Hua Feng	Mainland China	Asia-Pacific	No	Committed	TBD, under review	Under review, expect to be complete by year's end			
Far Eastern	Taiwan	Asia-Pacific	No	SAT Target Validated	Reduce absolute Scope 1 and 2 emissions by 42% from 2022 to 2030	Jan-24			

MCAP Benefits

MCAP participating manufacturers receive the following benefits:

- Third-party validation of climate change targets
- Promotion of approved targets by Cascale
- 10 hours of technical support for MCAP process
- Access to webinars and training materials on evaluating climate risk, developing decarbonization plans, and climate financing
- Follow up progress annually

Program Timeline and Services Offered

Step 1

Onboarding training with Cascale for SAT Setting and GHG Accounting. Begin developing Corporate-Level GHG Inventories and setting SAT within **6 months after formally committed**

Step 3

Attend communication & disclosure training

Step 4 (optional)

Attend climate risk training and conduct climate risk assessment, decarbonization training and develop decarbonization plan, climate finance training

Step 5

Disclose annual progress

Step 2

Submit Scope 1&2 SAT to Cascale for third-party validation (1-2 months)

Note: If failed to get validation more than 2 attempts, additional re-validation fee may apply to third-party validator

Learn More

You can find us at MCAP@cascale.org

Visit [Decarbonization program page @Cascale Connect](#)

Find more info about [MCAP webpage](#)



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Q&A

