Manufacturer Climate Action Program
Target Validation Protocol

November 2023

1 Introduction

The Manufacturers Climate Action Program (MCAP) is a program managed by Cascale that aims to accelerate the adoption of science-aligned climate change targets 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 Nike manufacturing partners to set targets, manage climate risk, and report on progress. The WRI / Nike program was based on and adhered 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. To support this validation, the MCAP Target Validation Protocol describes the steps and procedures that are followed during the target validation process. The MCAP protocol is based on the Science-Based Targets Initiative protocol, and aims to increase transparency and ensure the credibility and consistency of target validation.

1.1 How to use the Target Validation Protocol for Near-term Targets

The MCAP Target Validation Protocol should be used in conjunction with other key MCAP target-setting resources, most notably the MCAP Criteria and Recommendations for Science-Aligned Target Setting (version 1.0). The latter defines the minimum qualitative and quantitative criteria for targets to be recognized by the MCAP.

2. Assessment of SBTi Criteria for Near-term Targets

The MCAP Criteria and Recommendations for Science-Aligned Target Setting outline the minimum qualitative and quantitative criteria for targets to be recognized by MCAP. The select third parties review the MCAP Target Submission Form and associated documents to ensure that all criteria are met for any target submission to be approved. *Table 1* explains the criteria, which are requirements that companies must follow, and recommendations, which companies should follow, to align with the MCAP Criteria and Recommendations for Science-Aligned Target Setting. This table provides more detailed information to companies on the procedure followed by the reviewer to assess each criterion, and a clear explanation of when the criterion is met.

The validation team adheres to the criteria assessment table consistently for all companies' target
validations and all decisions are justified using this guide.

Table 1 uses precise language to indicate requirements, recommendations, and allowable options that
companies may choose to follow.

- The terms “shall” or “must” are used throughout this document to indicate what is required for targets to be in conformance with the MCAP Criteria and Recommendations for Science-Aligned Target Setting.
- The term “should” is used to indicate a recommendation, but not a requirement.
- The term “may” is used to indicate an option that is permissible or allowable.

The terms “required” or “must” are used in *Table 1* to refer to requirements. “Can” and “is encouraged”
may be used to provide recommendations on implementing a requirement or “cannot” may be used to
indicate when an action is not possible. The letter “C” preceding a number indicates a criterion and the
letter “R” preceding a number indicates a recommendation.

Table 1: Assessment Criteria

Criteria	Validation requirements & recommendations	Criterion assessment
C1 – Organizational boundary Companies should submit targets only at the parent- or group level, not the subsidiary level. Parent companies must include the emissions of all subsidiaries in their target submission, in accordance with the boundary criteria outlined below. In cases where both parent companies and subsidiaries submit targets, the parent company's target must also include the emissions of the subsidiary if it falls within the parent company's emissions boundary given the chosen inventory consolidation approach. In a case where an apparel, footwear, or textile manufacturing organization is a subsidiary of a conglomerate company with commercial interests outside of the apparel,	• All subsidiaries must be reported and included within the parent company's GHG inventory in accordance with the chosen inventory consolidation approach. • Subsidiaries excluded from the GHG inventory and/or target boundary must be clearly justified by the company.	**Criterion met if:** • The company reports and accounts for all relevant subsidiaries in the GHG inventory and target boundary. **Criterion not met if:** • The company does not report relevant subsidiaries and fails to include them in the GHG inventory and target boundary. ***OR*** • The company does not provide sufficient justification for the exclusion of specific subsidiaries.

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footwear, or textile sector (i.e., the conglomerate is active in financial services, chemicals, etc), it is acceptable for the apparel, footwear, or textile subsidiary to submit to MCAP alone. In such a scenario, we encourage the conglomerate company to submit to the SBTi.		
C2 – Greenhouse gases The targets must cover all relevant GHGs as required by the GHG Protocol Corporate Standard.	• All relevant GHGs required as per the Kyoto Protocol (CO_2, CH_4, N_2O, HFC, PFC, SF_6, NF_3) must be included. • GHG exclusions must be clearly justified, and not exceed 5% of total scope 1 and 2 emissions in the GHG inventory and target boundary. • The GHG inventory is assessed to ensure any relevant non-CO_2 GHG was not unreasonably omitted.	**Criterion met if:** • No GHG exclusions are reported. ***OR*** • Exclusion of one or more GHG(s) is reported, representing no more than 5% of the inventory and target boundary and a reasonable justification is provided. **Criterion not met if:** • Exclusion of one or more GHG(s) is reported, representing more than 5% of the inventory and the target boundary. ***OR*** • Exclusion of one or more GHG(s) is reported, and no reasonable justification is provided.
C3 – Scope 1 and scope 2 The targets must cover company-wide scope 1 and scope 2 emissions, as defined by the GHG Protocol Corporate Standard.	• At least one target covering scope 1 and scope 2 must be submitted. This may be a combined scope 1 and 2 target or separate targets, if each scope's emissions are above the minimum threshold for exclusion (5% of overall scope 1 and 2 emissions).	**Criterion met if:** • Targets cover both scope 1 and scope 2 separately or as a combined target. ***OR*** • Scope 1 or scope 2 make up less than 5% of combined scope 1 and 2 emissions and this scope is not covered by a target (e.g., if scope 1 makes up 3% of overall scope 1

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	• Either percentage-based emission-reduction targets or renewable electricity procurement targets are acceptable for scope 2 emissions. • Where a company's scope 1 or 2 emissions are deemed immaterial (i.e., under 5% of total combined scope 1 and 2 emissions), companies may set their science-aligned target solely on the scope (either scope 1 or scope 2) that covers more than 95% of the total scope 1 and 2 emissions. The company must continue to report on both scopes and adjust their targets as needed, according to the GHG Protocol's principle of completeness. • The SBTi (and MCAP) strongly encourages companies that the choice of organizational boundary, as defined by the GHG Protocol Corporate Standard, is in close alignment with the organizational boundary used in the company's financial accounting and reporting procedures.	and 2 emissions, only a scope 2 target is required if it covers 95% or more of combined scope 1 and 2 emissions). **Criterion not met if:** • No scope 1 or scope 2 target is set, and that scope makes up more than 5% of overall scope 1 and 2 emissions.
C4 – Significance thresholds Companies may exclude up to 5% of scope 1 and scope 2 emissions combined in the boundary of the	• The GHG inventory for scope 1 and 2 must account for at least 95% of corporate-wide emissions. All exclusions (e.g., activities, facilities) must be clearly justified with estimates of associated emissions.	**Criterion met if:** • No GHG emissions are excluded from the scope 1 and 2 inventory or target boundary. ***OR*** • GHG exclusions of scope 1 and 2 combined in the inventory and target

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inventory and target.	• Specific regions/business activities can be excluded if they represent less than 5% of total scope 1 and 2 emissions. Total exclusions for the scope 1 and 2 GHG inventory and the scope 1 and 2 target boundary cannot exceed 5%. • All exclusions (e.g., activities, facilities) must be clearly justified with estimates of associated emissions value(s). • If emissions deemed "negligible" are excluded, these emissions must be quantified and reported within the GHG inventory and noted as being excluded in the description. An estimated or rounded exclusion is not sufficient, e.g., 0.2% is acceptable whereas <1% is not acceptable.	boundary represent less than 5% of total scope 1 and 2 emissions. ***AND*** • All exclusions have been clearly justified with estimates of associated emissions value(s). **Criterion not met if:** • Exclusions of one or more activities are listed for which no reasonable justification is provided. ***OR*** • The GHG exclusions of scope 1 and 2 combined in the inventory and target boundary represent more than 5% of total scope 1 and 2 emissions.
C5 – Scope 2 accounting approach Companies shall disclose whether they are using 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 science-based target. The GHG Protocol requires measuring and reporting scope 2 emissions using both	• Companies must select consistent approaches for scope 2 accounting for the base year GHG inventory and tracking progress against scope 2 targets. • Companies are encouraged to report both market and location-based scope 2 emissions, however, companies setting renewable electricity sourcing targets that will be achieved through market-based mechanisms must report and track using market-based scope 2 emissions.	**Criterion met if:** • The method used to account for base year and most recent year scope 2 inventory is the same. ***AND*** • The method used to track performance towards its scope 2 target is consistent with the methods used for the base and most recent year inventories. ***AND*** • If a renewable electricity sourcing target is set that will be achieved through market-based mechanisms, company is

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approaches. However, a single and consistent approach must be used for setting and tracking progress toward a SBT (e.g., using location-based approach for both target setting and progress tracking).		using the market-based approach to report and track scope 2 emissions. **Criterion not met if:** • The method used to account for base year and most recent year scope 2 inventory is not consistent. ***OR*** • The company disclosed a base year scope 2 inventory, (which includes a consistent approach to both base year and most recent year accounting, if relevant) that is inconsistent with its target performance tracking approach. ***OR*** • If a renewable electricity sourcing target is set that will be achieved through market-based mechanisms, company is not using the market- based approach to report and track scope 2 emissions.
C6 – Bioenergy accounting CO_2 emissions from the combustion, processing and distribution phase of bioenergy – as well as the land use emissions and removals associated with bioenergy feedstocks – shall be reported alongside a company's GHG inventory. Furthermore, these emissions shall be	• Companies using bioenergy must report CO_2 emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and removals associated with bioenergy feedstocks alongside the inventory. • Companies must report direct biogenic CO_2 emissions and removals separately i.e., report gross emissions and gross removals from bioenergy feedstocks.	**Criterion met if:** • Bioenergy is not being used and no emissions/removals are reported. ***OR*** • Bioenergy is being used and the related emissions / removals are reported alongside the inventory and included in the target boundary. ***AND*** • Companies agree to include the footnote with the target language. ***AND***

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included in the target boundary and when reporting progress against that target. Land-related emissions accounting shall include CO_2 emissions from direct land use change (LUC) and non-LUC emissions, inclusive of N_2O and CH_4 emissions from land use management. Including emissions associated with indirect LUC is optional.	Companies should also report the net emissions from the emissions and removals of CO_2 associated with bioenergy. • Companies using bioenergy must disclose the justifications/assumptions on the methods and renewability of the bioenergy sources. This will include assumptions on emission factors. • Companies using bioenergy must also confirm that they will update their inventory if/when the SBTi (and MCAP) endorses specific methods/factors for estimating these emissions/removals. • Companies using bioenergy must confirm that CO_2 emissions from the combustion, processing and distribution phase of bioenergy and the land use emissions and removals associated with bioenergy feedstocks are included in the target boundary. This applies even if the companies assume net zero carbon emissions from the use of bioenergy. • Land-related emissions accounting shall include CO_2 emissions from direct land use change (LUC) and non-LUC emissions, inclusive of N_2O and CH_4 emissions from land use management.	• Companies provide details on the bioenergy sources, the methods used to calculate bioenergy emissions/removals until SBTi-endorsed method becomes available and agree to adjust its figures in the future if necessary. **Criterion not met if:** • Bioenergy is being used but the related emissions and removals are not disclosed with the GHG inventory. ***OR*** • Bioenergy is being used and disclosed alongside the inventory, but related emissions/removals are not included in the target boundary. ***OR*** • Bioenergy is being used, disclosed alongside the inventory, bioenergy emissions/removals are included in the target boundary, but the company refuses to include the footnote in the target language that *"*The target boundary includes land-related emissions and removals from bioenergy feedstocks."* ***OR*** • Bioenergy is being used, disclosed alongside the inventory, bioenergy emissions/removals are reported in the corresponding scopes and included in the target boundary, the company agrees to

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	Including emissions associated with indirect LUC is optional. • For targets that include bioenergy, the target language must include the following footnote: "**The target boundary includes land-related emissions and removals from bioenergy feedstocks."* • The SBTi (and MCAP) recommends that companies using or producing biofuel(s) for transport should support their bioenergy GHG accounting with recognized biofuel certification(s) to disclose that the data on land-related emissions and removals represents the relevant biofuel feedstock production.	include the footnote in the target language, but does not agree to update its inventory using SBTi-endorsed methodology and factors if they become available in the future. ***OR*** • Companies claim carbon neutrality of bioenergy without providing relevant evidence (e.g., certification). ***OR*** • The positive impact of exceeding zero emissions due to biogenic removals are being accounted for in a company's target formulation. ***OR*** • The positive impact of exceeding zero emissions due to biogenic removals are being accounted for as progress towards science- based targets. ***OR*** • Removals that are not directly associated with bioenergy feedstock production are being counted as progress towards science-aligned targets. ***OR*** • Bioenergy is being used and the company complies with all the related requirements but fails to provide proper justifications for the assumptions of net zero carbon emissions from the use of bioenergy.
C7 – Offsets (carbon credits) The use of carbon credits must not be counted as	• Carbon credits/offsets are not eligible to be included in the GHG inventory or target boundary.	**Criterion met if:** • No use of carbon offsets is disclosed by the company or perceived in the submission form. ***OR***

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emission reductions toward the progress of companies' science-aligned targets.		• The use of carbon offsets is disclosed by the company, but it confirms it will not count them towards the progress of its target. **Criterion not met if:** • Any form of voluntary or compliance-related offsets is counted as reductions toward the progress of the company's target.
C8 - Avoided emissions Avoided emissions fall under a separate accounting system from corporate inventories and do not count toward science-aligned emission reduction targets.	Avoided emissions accounting is not permitted in the GHG inventory or target boundary. The following are example claims that are not valid when setting science-aligned targets: • Product use targets, which claim to "help avoid" product users' emissions in comparison to an alternative product, on a purely hypothetical basis. • Claims that a product's total lifecycle emissions are lower than alternative products that provide equivalent functions. • Use of "baselining" to calculate the emissions impact of a product, which is	**Criterion met if**: • No use of avoided emissions is disclosed by the company in the submission form. ***AND*** • No sign of the use of avoided emissions in the inventory or the target boundary. **Criterion not met if:** • Submission reveals any use of avoided emissions, either as part of the inventory or the target setting process.

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	only acceptable for project accounting and different from corporate accounting.	
C9 – Base and target years For MCAP, the recommended target year is 2030 and the recommended base year is 2019 or later. Companies should select base years for which they have complete and representative GHG emissions data.	• This criterion applies to percentage-based scope 1 and 2 emission reduction targets, in absolute terms. • The recommended target year is 2030. • The choice of base year must be 2019 or later. • Base years must cover a complete past calendar or financial year. • Companies must select either a calendar year or a financial year and apply this consistently across scopes 1 and 2.	**Criterion met if:** • A percentage-based absolute emission reduction target is being set for scope 1 and 2. ***AND*** • The target year is 2030. ***AND*** • Base year is 2019 or later. ***AND*** • Base year data is for a complete past calendar or financial year. ***AND*** • The choice of calendar year or financial year is applied consistently for base year and target year for targets covering scope 1 and 2 emissions **Criterion not met if:** • The target year is not 2030. ***OR*** • The base year is earlier than 2019.
C10 – Progress to date The minimum forward-looking ambition of science-aligned targets is consistent with reaching net-zero by 2050 at the latest (which under MCAP criteria requires a 4.2% annual linear reduction). Targets that have already been achieved by the date they are submitted to the MCAP are not acceptable.	• The most recent GHG inventory provided must be for a complete year. Companies must provide all the relevant GHG inventory data including a most recent year GHG inventory even if business activities were impacted by the COVID-19 pandemic. • Near-term targets that have been achieved at the time of submission to	**Criterion is met if:** • The most recent year for the GHG inventory is no more than two years from the target submission year. So, if the target is submitted in 2024, the inventories can be from 2022 or 2023, but no earlier. earlier than 2021. ***AND*** • Forward-looking ambition is at a minimum, aligned with reducing

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	MCAP for validation are not eligible. The achievement of near-term targets due to COVID 19 pandemic impacts on the levels of business activity does not apply. • Forward-looking ambition (i.e., ambition from the most recent year of data to 2050) must be, at a minimum, aligned with reducing emissions 90% by 2050 from base year levels based on a linear reduction between the most recent year and 2050 (which under MCAP criteria requires a 4.2% annual linear reduction).	emissions 90% by 2050 from base year levels based on a linear reduction between the most recent year and 2050.
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. According to the current SBTi (and MCAP) criteria, this is a 4.2% annual linear reduction. This equates to a reduction of 42% between 2020 and 2030.	• The ambition must be, at a minimum, aligned with the 1.5°C ambition threshold. • For renewable electricity procurement targets, refer to criterion C13. • Intensity targets are now allowed. • Targets that combine scope 1 and 2 are permitted.	**The criterion is met if:** • Reduction is a minimum of a 4.2% per year (absolute). For example: o Minimum value for absolute reduction target = 4.2% x (2030 – base year).
C12 - Combined scope targets It is recommended that companies submit combined scope 1 and 2 targets. If	• Targets combining scope 1 and 2 must be in line with C11.	**The criterion is met if:** • The combined scope 1 and 2 target meets the ambition defined in C11.

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submitted separately, each of the scope 1 and 2 targets be in line with at least a 1.5°C scenario.		• Separate scope 1 and 2 targets each meet the ambition defined in C11.
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. The SBTi has identified 80% renewable electricity procurement by 2025 and 100% by 2030 as thresholds (portion of renewable electricity over total electricity use) for this approach 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.	• Targets should be formulated to specifically address the active sourcing of renewable electricity. • For more information, please consult the RE100 Technical Criteria and the Scope 2 Quality Criteria in the GHG Protocol's Scope 2 Guidance. • Companies that are already actively sourcing renewable electricity at or above the minimum thresholds must commit to maintain or increase their use share of renewable electricity to qualify. • Targets that fall between 2025 and 2030 will be accepted if they meet the linear progression of these requirements. Specifically: o 84% by 2026; o 88% by 2027; o 92% by 2028; o 96% by 2029; or o 100% by 2030	**Criterion met if:** • The active sourcing of renewable electricity in the target year is at or above the minimum share thresholds of at least 80% by 2025, 100% by 2030, and/or intermediate targets in line with this rate of reduction. ***AND*** • The target language explicitly refers to 'active sourcing' of renewable electricity (please refer to RE100's quality criteria for options for actively sourcing renewable electricity). **Criterion not met if:** • The active sourcing of renewable electricity in the target year is below the minimum share thresholds of at least 80% by 2025, 100% by 2030, and/or intermediate targets are not in line with this rate of reduction**.** ***OR*** • The target language does not explicitly refer to 'active sourcing' of renewable electricity (please refer to RE100's quality criteria for options for actively souring renewable electricity).