



Geneva, 22 October 2024

Dear Science-Based Targets initiative (SBTi),

The [NCS Alliance](#) and the [Forest Investor Club](#) members, in particular the companies retiring voluntary carbon credits, the fund managers and private investors deploying capital for NCS carbon projects, and conservation NGOs, worked together to review [SBTi's Scope 3 Discussion Paper](#). The exchanges helped the different stakeholder groups understand what the opportunities are but also the challenges and risks associated with the use of voluntary carbon credits as part of Scope 3 mitigation measures. This group generated a list of forward looking and ambitious recommendations on how to integrate the use of voluntary carbon credits in Scope 3 that, in our opinion, will mobilize more action, both in-value chain and beyond.

Three of the scenarios in [SBTi's Scope 3 Discussion Paper](#) include the use of voluntary carbon credits. We are pleased by this recognition. Voluntary carbon credits play a critical role in reaching global net zero as they allow businesses to also address their remaining and residual emissions. Equally important is acknowledging the role of natural climate solutions (NCS) as a powerful tool to deliver these outcomes, with the voluntary carbon market serving as a key funding mechanism to support their implementation. We believe that leveraging high-integrity carbon credits and robust NCS methodologies, alongside direct emissions reductions, can drive more significant, faster progress toward global climate goals. In addition, these projects finance significant and urgent contributions to protecting and restoring nature, whilst also supporting sustainable livelihoods in line with other global goals, such as the [Kunming-Montreal Global Biodiversity Framework](#) and [UN Sustainable Development Goals](#).

With this in mind, the Natural Climate Solutions Alliance and Forest Investor Club have submitted constructive, solutions-focused suggestions on the Scope 3 scenarios proposed by SBTi. These suggestions in no way undermine our shared understanding that in-value-chain emission reductions must always be prioritised.

Our key recommendations, in response to the call for comments on SBTi's Scope 3 Discussion Paper, on how the use of voluntary carbon credits can help businesses in delivering their Scope 3 targets include<sup>1</sup>:

## **1. Recognise the impact of annual remaining emissions**

---

<sup>1</sup> The full text of our recommendations has been submitted through the googledoc on 4 October and sent as PDF to SBTi's general standard email.



SBTi should acknowledge the ongoing impact of annual remaining emissions, which remain even after in-value-chain emission reductions. We recommend setting additional targets for companies to address these emissions using high-integrity voluntary carbon credits, ensuring that immediate climate action is taken alongside long-term decarbonisation goals.

## **2. Enable the use of in-value-chain credits without full supplier traceability**

We urge SBTi to allow a scenario which enables credits developed at the jurisdictional, supply-shed, and/or commodity level to count towards targets, under certain circumstances, even when there is no direct traceability to specific suppliers.

This flexibility will enable businesses to support climate action within their value chain while maintaining accountability, even where traceability challenges will continue to persist. This is the most pragmatic solution to allow a company to take action when it does not have line of sight or influence on its suppliers. It can then use credits associated with a similar type of impact (e.g. energy, land) and in the same jurisdiction. This will help to secure a better geographical spread of finance and contribute to growing the extent and number of high-integrity projects.

## **3. Set interim neutralisation targets**

To ensure companies make timely progress toward their net-zero commitments, SBTi should introduce interim neutralisation targets. These milestones will encourage earlier investment in carbon removals, thereby fostering carbon market stability, and reducing reliance on carbon credit supplies in the future.

## **4. Allow versatility in credit matching for neutralisation**

We propose that SBTi allow versatility in the use of carbon credits for neutralisation, avoiding strict “like-for-like” matching requirements. Nature-based climate solutions should be central to these strategies, as they offer unique co-benefits for climate, biodiversity, and Indigenous peoples and local communities, and are the only carbon removal solutions that will develop at the near-term scale needed for companies to deliver on interim targets. Companies should be able to leverage a variety of high-integrity credits to meet their climate mitigation targets, focusing on potential for positive impacts for people and nature rather than rigid equivalence.

## **5. Introduce a penalty system for missing Scope 3 targets**

To incentivise accountability, we recommend implementing a penalty mechanism that requires companies failing to meet their Scope 3 targets to retire high-integrity voluntary carbon credits as a form of corrective action. This approach would effectively establish an internal carbon price, driving faster action toward closing emissions gaps.



## **6. Require high-integrity carbon credits**

The quality and integrity of the emission reduction or removal credits retired is critical. There are initiatives in place (ICVCM, CORSIA) that evaluate the quality of carbon credits. We therefore recommend that SBTi recognize in its standard the important role these initiatives play in ensuring that carbon crediting programmes and methodologies meet high-integrity standards. We recommend that SBTi highlight the importance for voluntary carbon credits users to ascertain that the carbon credits have been issued by a credible carbon credit program and recognized methodology. SBTi could recommend that companies only purchase carbon credits that have been issued by carbon crediting programs approved by CORSIA and/or ICVCM; and that use methodologies eligible under the Core Carbon Principles (CCPs) or CORSIA Eligible Emissions Units.

## **7. Don't lower the ambitions**

In addition to these 6 recommendations on the use of voluntary carbon credits, we believe it is crucial that SBTi maintains its high ambitions. Replacing quantitative Scope 3 targets with 'alignment targets' could dilute the framework's impact, by reducing focus on the ultimate goal and the climate risk embedded in the delta between target and action. Therefore, we urge SBTi to continue prioritising measurable outcomes to ensure companies' contributions to global climate goals remain robust and transparent.

## **Conclusions**

We recognise that the private sector holds immense potential for climate action, but only if it is given the right tools and incentives. While SBTi's efforts have been foundational, adopting a more inclusive and flexible framework that integrates voluntary carbon credits as credible tools is essential to bridging the gap between commitments and tangible, rapid and sustained progress. We believe that carbon credits, when used correctly, can play a vital role in supporting both immediate reductions and long-term sustainability.

We sincerely hope that SBTi will consider these reasonable and achievable suggestions, which are in line with our shared mission to unlock more climate action in support of our global goals. A range of research, together with our day-to-day experience, strongly suggest that failure to reach compromise here would have the opposite effect. This would be detrimental to our shared goals for people, climate and nature.

The reality is that Scope 3 emissions remain a significant hurdle for many companies, and a one-size-fits-all approach will not suffice. Now is the time to deploy every tool at our disposal, including high-integrity carbon credits, to accelerate progress towards a net-zero future.

To conclude, we commend SBTi's efforts to engage thousands of companies in setting climate targets, fostering momentum towards corporate climate action. SBTi's collaboration



with initiatives like the Voluntary Carbon Market Integrity Initiative (VCMI) and the Integrity Council for the Voluntary Carbon Market (ICVCM) is also a significant step forward.

We are committed to collaborating with SBTi and other stakeholders to establish a practical, high-integrity approach that drives genuine climate action accelerates progress towards just transition. Let's work together to create a framework that supports businesses in their decarbonisation journey, maximises impact, and leads to a more sustainable future.

Sincerely,

[The Members of the NCS Alliance](#) and the [Forest Investor Club](#)