

Dear Member of The Board of Trustees of SBTi,

I'm writing to you from Finnwatch, a Finnish civil society organization investigating human rights and climate impacts of business enterprises. We have done research and advocacy work on carbon offsetting for years and we see that it can have an important role in responsible and comprehensive corporate climate targets. As a human rights-based organization, we at Finnwatch have a cautiously positive view of the recent statement from the SBTi Board of Trustees on recognizing the role of voluntary carbon markets in achieving scope 3 targets.

The recent position taken by the Board has understandably caused some strong reactions, but we believe that our human rights-based position on the use of carbon credits could serve as a middle ground between the differing views.

Our work is guided by the authoritative international business and human rights standard, the UN Guiding Principles on Business and Human Rights (UNGP). Based on the UNGPs, companies have a responsibility to take appropriate action to prevent and mitigate their adverse human rights impacts – including those caused by their emissions to the atmosphere.

In our UNGPs based view, the first thing companies must do to fulfill their human rights-based obligation on climate is to set targets and achieve rapid and deep emissions reductions across all three emission scopes. Abating actual emissions, whether in their own operations or in their value chains, is the best, most direct and reliable way of preventing adverse human rights impacts from the emissions. SBTi has become a leading framework in setting adequate targets for such reductions.

However, it is not enough to set a target – even an ambitious one – for gradually scaling down the emissions and their negative effect on human rights. Companies should also seek ways to address the adverse impact of those emissions that they cannot immediately abate. Even the most ambitious targets leave some emissions under the reduction path for years or for decades. There must be accountability for these emissions.

We at Finnwatch see carbon credits as an imperfect but a functional way of addressing these unabated emissions. They should not be used to achieve emission reduction targets, but to complement the actual, absolute reductions across the emissions scopes. In other words, companies must reduce their absolute scope 1, 2 and 3 emissions, but in addition, in order to fulfill their human rights-based obligation to mitigate the negative impacts on human rights, they must also address their residual emissions. We have explained this position in further detail in an article on Carbon Pulse: <https://carbon-pulse.com/208438/>

To serve this purpose as an instrument of human rights-based corporate responsibility, the quality – not only climate integrity but also the safeguards for human rights – must be continuously improved. In this regard, we welcome the work of the ICVCM as an important step in the right direction, while acknowledging that a lot of work remains to be done.

While we are happy to see SBTi recognizing the role carbon credits play in the corporate climate target setting, the statement leaves a lot of room for interpretation and speculation. While it is important that the statement stresses the need for “specific guardrails and thresholds” as well as the respect “for the principles of mitigation hierarchy”, it is unclear what kind of efforts to actually reduce scope 3 emissions are required before offsetting is accepted. We are hopeful that there will be such requirements as suggested by the reference to the principles of mitigation hierarchy.

In our view, the possibility to use carbon credits or other “environmental attribute certificates” to abate scope 3 emissions should be restricted to emissions beyond targets such as the ones currently required by the SBTi in its near-term and net-zero standards. Ideally, the science-based as well as human rights-based target would be such that there is a clear requirement for absolute reduction of scope 1, 2 and 3 emissions as well as a requirement to offset all unabated emissions beyond the reduction target.

It is of utmost importance that SBTi must not see the use of carbon credits as a key that opens the door to SBT targets for industries that cannot reduce their value chain emissions in line with science. If companies in such industries cannot reduce their scope 3 emissions in an adequate manner, their targets must not be labeled as science-based.

Kind regards,
Lasse Leipola
Climate Policy Specialist
Finnwatch