

SBTi Board of Trustees

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Dear SBTi Board of Trustees,

The Project Developer Forum (PD Forum or PDF) is a collaborative association and collective voice of companies and practitioners that are developing and financing greenhouse gas (GHG) emission reduction and removal projects in all regions of our globe.

We are writing to express our support for the Science Based Targets initiative (SBTi) for the recent consideration to include the use of environmental certificates in Scope 3 reporting. The inclusion of this decision will represent a crucial step forward in accelerating global efforts in climate change mitigation and promote responsible corporate practices. We recognize that the benefits of climate action must extend equitably across all communities, particularly those in regions where development is intertwined with significant climate vulnerabilities. This inclusion will enable all participants in global value chains—from local producers to major corporations—to benefit from and contribute to meaningful climate resilience. Furthermore, the existing gap in climate finance for the Global South is stark, with only 25% of global investments reaching these regions and minimal funds flowing to the most vulnerable communities. Bridging this gap is essential to achieving global decarbonization targets.

Including environmental certificates as a lever to reduce Scope 3 emissions validates carbon credits as a credible means of achieving emission reductions and promotes greater corporate ambition by equipping companies with a broader range of tools to meet targets in addition to direct internal emission reductions.

This decision will undoubtedly boost demand for high-quality carbon credits in the voluntary carbon market (VCM), catalyzing further investment and fostering the development of innovative emission reduction and removal projects that not only reduce emissions but address broader value chain impacts.

Recent research by MSCI indicated that companies actively participating within the VCM, are more likely to decrease their internal emissions than those who are not participating. The analysis showed that companies using a significant amount of carbon credits were generally more proactive compared to those that did not use them. Specifically, these companies were more likely to disclose their emissions, reduce their Scope 1 and 2 emissions and their intensity, set credible climate targets, and

earn a larger share of their revenues from low-carbon activities. This challenges the idea that carbon credits serve merely as a substitute for actual climate-mitigation efforts.

Furthermore, the VCM stands to benefit from the enhanced transparency and credibility that SBTi's framework will bring to the use of carbon credits. This will lead to a virtuous cycle where increased demand for high-quality carbon credits incentivizes developers to pursue more ambitious projects, while ensuring that environmental integrity and the co-benefits of sustainable development are upheld. By setting clear guidelines and encouraging rigorous reporting, SBTi is positioning itself at the forefront of responsible climate action, aligning with global climate initiatives such as the Paris Agreement. This will also benefit SBTi as Carbon credits are more robust than self-reporting by companies with limited third-party auditing. Since each project is independently verified, in compliance with ISO14064 standards, this will in fact add rigor and integrity to corporate reporting.

As project developers, we see this as a pivotal moment for the growth and maturation of the carbon market synergizing the efforts of various global organizations, including SBTi, toward a common goal of achieving climate action at scale. True climate leadership calls for rejecting the notion that companies must choose between operational decarbonization and supporting vulnerable communities. Instead, SBTi can encourage investments that address both the pressing need for emissions reductions and the immediate health crises facing billions. The SBTi's decision will help create a more robust and dynamic market that not only supports the immediate mitigation of emissions but also provides the necessary financial flows to deliver long-term climate resilience and sustainability outcomes.

In conclusion, the PD Forum supports the inclusion of environmental certificates in SBTi Scope 3 mitigation **in addition to** direct internal emission reductions. This decision will generate increased demand for carbon credits, strengthening the VCM, and will allow for meaningful climate impact across global value chains. We are confident that SBTi's leadership in this area will set a new standard for corporate climate accountability and help achieve the goals of the Paris Agreement.

We urge SBTi and other leading organizations to continue building frameworks that are inclusive of diverse voices, particularly those from regions in the Global South. By including perspectives from all parts of the world, we can create a pathway to climate solutions that truly serve our shared global future. We look forward to continuing collaboration with the SBTi and other stakeholders to drive critical efforts towards climate change mitigation.

Best regards,





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Dr. Sven Kolmetz,
Director
on behalf of the membership of the Project Developer Forum

This letter will be published on the homepage of the PD-Forum

