



# SCIENCE BASED TARGETS

## SUSPENSION OF THE TIMBER AND WOOD FIBER PATHWAY

October 2, 2024

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### 1. Background

Criterion FLAG-C8 in the Forest, Land and Agriculture (FLAG) Science-Based Target-Setting Guidance V1.1 states that companies in the forest and paper products sector or with emissions related to timber and wood fiber accounting for 10% or more of their FLAG emissions, are required to use the timber and wood fiber pathway available in the FLAG Target-Setting Tool.

The SBTi has received feedback associated with data and specific information from companies that have implemented the timber and wood fiber pathway, included in the SBTi FLAG Target-Setting Tool. SBTi experts as well as several external stakeholders have identified that the baseline removals data underlying the timber and wood fiber pathway found in the tool may not be appropriate for all regions. Furthermore, applying the current global baseline removals value overestimates the sequestration potential of forestry activities in some regions of the world.

Therefore, the use of the current timber and wood fiber pathway is suspended. All other elements of the FLAG Guidance remain in place and shall be applied by all companies submitting FLAG targets as outlined in more detail below.

### 2. Justification of the need for the suspension

The current timber and wood fiber pathway does not serve the intended purpose of incentivizing emissions reductions by target-setting entities as the underlying data does not correctly reflect the level of removals in the base year for different regions of the world, and overestimates removals in the target year. As such, the SBTi has made a decision to suspend the use of the current timber and wood fiber pathway. The suspension will only impact parts of the FLAG-C1 criterion and the FLAG-C8 criterion of the FLAG Guidance. Further, the SBTi is pausing validations on FLAG-related emissions targets for all companies that have net negative FLAG-related emissions in their base year in either scope 1 and 2 or scope 3. This is because the FLAG sector pathway, in its current form, is not designed to accommodate emissions targets with negative emissions in the base year.

### 3. Objectives of the suspension

The objective of this suspension is to allow for the SBTi to conduct a revision of the timber and wood fiber pathway through further research, consultations and piloting with companies, to inform the development of a robust target-setting method.

### 4. Process to resolve the issue

The SBTi will conduct a revision project, to provide a more robust target-setting method, to be initiated in 2024. The revision project will be developed in accordance with the SBTi's [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#) as applicable. During the development process, the SBTi will explore different approaches to provide an appropriate pathway. In the meantime, the use of the current timber and wood fiber pathway is suspended.

### 5. Interim criteria while the suspension is in place

The below is interim guidance in the period while the timber and wood fiber pathway is suspended to be followed by:

- Companies in the forest and paper products sector (i)
- Companies from any sector that have net negative FLAG related emissions in their base year for either scope 1 and 2 or scope 3 (i)
- Companies with emissions related to timber and wood fiber accounting for 10% or more of their FLAG related emissions when submitting FLAG targets for validation (ii).

Please note that the suspension only impacts the criteria of the FLAG Guidance associated with the use of the timber and wood fiber commodity pathway (FLAG-C8 and parts of FLAG-C1), and the use of the FLAG sector pathway for companies with net negative base year emissions for either scope 1 and 2 or scope 3. All other FLAG criteria and recommendations as presented in the FLAG Guidance shall be applied by all companies submitting FLAG targets.

i) Criteria applicable to companies from the forest and paper products sector and/or companies from any sector that have net negative FLAG related emissions in their base year for either scope 1 and 2 or scope 3. The forest and paper products sector includes:

- Owners and operators of timber tracks, forest tree nurseries and sawmills.
- Manufacturers of timber and related wood products (e.g. furniture). Includes lumber for the building industry.
- Producers, converters, manufacturers, merchants of all grades of paper.
- Manufacturers of paper and cardboard containers and packaging.
- Other forest products.

Due to the suspension of the timber and wood fiber pathway, the SBTi is pausing the validations of targets on FLAG-related emissions for companies operating in the forest and paper products sector and/or companies from any other sector with net negative FLAG emissions in their chosen base year for either scope 1 and 2 or scope 3 emissions. These companies must report

FLAG and energy/industrial (non-FLAG) related emissions separately, and will only set targets on energy/industrial (non-FLAG) emissions until an updated timber and wood fiber pathway is made available. These companies will exclude FLAG-related GHG emissions from their target.

The following footnote will be included in their target language: “The targets only include energy and industrial emissions, the FLAG emissions have been excluded. The company will include these emissions in a FLAG target once a pathway for timber and wood fiber is available.”

Companies impacted by this interim criterion (i) must still commit to no-deforestation in line with the requirements of FLAG-C4.

Companies in the forest and paper products sector that have submitted their targets for validation prior to the effective date of this revised document, and do not have net negative FLAG related emissions in their base year for either scope 1 and 2 or scope 3, may utilize the FLAG sector pathway to set FLAG targets over their land-based emissions related to timber and wood fiber.

Companies impacted by criterion (i) that have already committed to submitting a target, or have submitted their target, to the SBTi have the following options:

- A. Proceed with the submission and/or validation of a target that complies with this criterion (i), or
- B. Extend the expiration of their commitment period until no later than six months after the release of an updated timber and wood fiber pathway.

Companies impacted by criterion (i) that are not in the forest and paper products sector, and that choose to extend the expiration of their commitment period, should contact the SBTi at [commitments@sciencebasedtargets.org](mailto:commitments@sciencebasedtargets.org) to request this extension before the end of their current commitment period. These companies may still choose to later submit a target that complies with criterion (i).

Companies impacted by criterion (i) shall submit their updated targets and include a FLAG target within six months after the release of an updated timber and wood fiber pathway<sup>1</sup>.

- ii) Companies from any other sector not covered by criterion (i) with emissions related to timber and wood fiber accounting for 10% or more of their FLAG related emissions (gross, excluding removals).

These companies will use the FLAG sector pathway to set FLAG targets over their land-based emissions related to timber and wood fiber.

Following the release of the updated timber and wood fiber pathway, these companies will be subject to the regular five-year target update cycle<sup>2</sup>.

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<sup>1</sup> These companies are not required to set FLAG targets within six months after the release of the final version of the GHG Protocol Land Sector and Removals Guidance if the revised timber and wood fiber pathway has not yet been released.

<sup>2</sup> Please see C26 – Mandatory target review of the [SBTi Corporate Near-term Criteria](#).

## 6. Timeline for suspension

Notice of this suspension was initially published on the SBTi website on December 14, 2023 and was updated on October 2, 2024. The criteria described above are effective as of October 2, 2024. It will remain in effect until a revised timber and wood fiber approach is published.

## 7. Stakeholder involvement

The revision project will be developed in accordance with the [Standard Operating Procedure \(SOP\) for Development of SBTi Standards](#) as applicable.

## 8. Risk assessment and mitigating actions

### Risks associated with the implementation of the suspension.

- i) There is a risk that suspending the use of the timber and wood fiber pathway will delay action on reducing FLAG emissions and increasing FLAG removals related to timber and wood fiber.

*Mitigation:* While the suspension is in place, impacted companies from sectors other than the forest and paper products sector that do not have net negative base year emissions in either scope 1 and 2 or scope 3 will use the FLAG sector pathway to set targets and implement actions to achieve them without delay.

Companies in the forest and paper products sector are encouraged to account for and reduce their emissions ahead of the release of the updated pathway.

### Risks associated with the non-implementation of the suspension.

- ii) There is a risk in maintaining FLAG-C8 that companies with emissions related to timber and wood fiber would either validate targets that are unachievable in their activities or that companies would refrain from setting targets and delay actions in implementing mitigation levers.

*Mitigation:* The suspension of the timber and wood fiber pathway ensures that companies do not validate targets that are unachievable. During the suspension, the SBTi will initiate work on a revised target-setting method for the sector. Companies from the forest and paper products sector will be able to set targets over their energy/industrial GHG emissions to encourage some mitigation actions in their value chain.

## Version history

Version	Change/update description	Release date	Effective dates
1.0	First version of the document	December 14, 2023	January 15, 2024 to October 2, 2024
1.1	<ul style="list-style-type: none"><li>The interim criteria for companies from the forest and paper products sector was updated and now also includes companies with net negative FLAG related emissions in their base year for either scope 1 and 2 or scope 3.</li></ul> <p>These companies will only set energy/industrial targets while the suspension of the timber and wood fiber pathway is in place.</p>	October 2, 2024	October 2, 2024

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The SBTi reserves the right to revise this document according to a set revision schedule or as advisable to reflect the most recent emissions scenarios, regulatory, legal or scientific developments, or changes to GHG accounting best practices.

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## About the SBTi

The Science Based Targets initiative (SBTi) is a corporate climate action organization that enables companies and financial institutions worldwide to play their part in combating the climate crisis.

We develop standards, tools and guidance which allow companies to set greenhouse gas (GHG) emissions reductions targets in line with what is needed to keep global heating below catastrophic levels and reach net-zero by 2050 at latest.

The SBTi is incorporated as a charity, with a subsidiary which will host our target validation services. Our partners are CDP, the United Nations Global Compact, the We Mean Business Coalition, the World Resources Institute (WRI), and the World Wide Fund for Nature (WWF).