

# Suspension of the timber and wood fiber pathway

December 14, 2023

## 1. Background

In accordance with the Forest, Land and Agriculture (FLAG) Science-Based Target-Setting Guidance, criterion FLAG-C8, companies in the forest and paper products sector or with emissions related to timber and wood fiber accounting for over 10% 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 used 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.

## 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 current timber and wood fiber pathway. The suspension will only impact the FLAG-C8 criterion of the FLAG Guidance.

## 3. Objectives of the suspension

The objective of this suspension is to allow for a set time for the SBTi to revise the timber and wood fiber pathway by conducting further research, consultations and piloting with companies, in particular but not limited to regions where the data needs to be adjusted.

## 4. Process to resolve the issue

The SBTi will conduct a major revision of the timber and wood fiber pathway to be incorporated in the FLAG Tool, to provide a more robust target-setting method, to be initiated in 2024. The project is scheduled to run until Q3 of 2024. During the development process, the SBTi will explore different approaches to provide an appropriate pathway (e.g. a forestry absolute contraction approach and an

improved SDA regional approach). 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 to be followed by companies with emissions related to timber and wood fiber accounting for over 10% of their FLAG related emissions when submitting FLAG targets for validation, in the period while the timber and wood fiber pathway is suspended. Please note that the suspension only impacts the criterion of the FLAG Guidance associated with the use of the timber and wood fiber commodity pathway (FLAG-C8). All other FLAG criteria and recommendations as presented in the FLAG Guidance shall be applied by all companies submitting FLAG targets.

### i) Companies from the forest and paper products sector\*

- 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.

\*Does not include rubber.

These companies shall use the FLAG Sector pathway to set their FLAG targets over all land-based emissions (including emissions related to timber and wood fiber).

These companies must recalculate their science-based targets within six months of the release of the updated timber and wood fiber pathway. This will be a complementary target update service, and the fee of the target update will be waived.

### ii) Companies from any other sector with emissions related to timber and wood fiber accounting for over 10% of their FLAG related emissions (gross, excluding removals).

These companies will use the FLAG Sector pathway to set their FLAG targets over all land-based emissions (including 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.

## 6. Timeline for suspension

This proposal for suspension was published on the SBTi website on December 14, 2023. It will be shared with relevant stakeholders through the SBTi FLAG mailing list.

The suspension will come into effect from January 15, 2024. It will remain in effect until a revised timber and wood fiber approach is published, which is planned for release in Q3 2024.

## 7. Stakeholder involvement

Stakeholders, including companies, will be invited to submit data that will be used to test the robustness of the new timber and wood fiber pathway approach to be developed. More details will be released in early 2024.

Stakeholders may contact [flag@sciencebasedtargets.org](mailto:flag@sciencebasedtargets.org) for any questions with the subject “Timber and Wood Fiber suspension”.

## 8. Risk assessment and mitigating actions

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

- i) There is a risk that targets set during the suspension period, using the FLAG Sector pathway, will result in a lower ambition than the use of a pathway specific to timber and wood fiber emissions.

*Mitigation:* Companies from the forest and paper products sector will be asked to recalculate their targets using the updated commodity pathway once it is available to ensure that companies are setting the most appropriate targets available. In the meantime, using the FLAG Sector pathway will allow companies to set targets and implement actions to achieve them without delay.

### 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:* Companies with significant emissions related to timber and wood fiber will be able to set FLAG science-based targets during the suspension period. This will ensure that companies do not delay actions to implement their targets.