

H&M Group

To the Science Based Targets initiative Board of trustees,

We are writing to express our concern regarding your [recent statement](#) on the potential use of environmental attribute certificates for abatement purposes in scope 3, specifically through voluntary carbon markets that occur outside corporate value chains, also known as offsetting. We firmly believe the priority for any climate strategy should be to take action **within** corporate value chains to reduce absolute greenhouse gas (GHG) emissions.

We have two main concerns with the statement :

- **The decision weakens corporate climate pledges and makes real decarbonisation efforts within value chains less attractive.** Allowing companies to replace decarbonisation action with voluntary carbon market interventions would deter the investments and innovation we need to achieve systemic change. For example, collaborative finance, factory electrification and renewable electricity development in challenging markets would be more expensive and more complex than voluntary carbon market credits and would risk leading to inaction from companies on these crucial topics.
- Moving away from a **robust scientific foundation and a governance structure** that allows for transparent and independent science-based standards, would undermine principles that we believe are fundamental for real climate action.

Aside from these concerns, we believe there is an **opportunity** to allow robust market-based mechanisms within corporate value chains. Defining the guardrails, thresholds, and principles for these, could greatly accelerate actual decarbonisation **within** corporate value chains by making collaborative financing of innovation and technology deployment less complex.

Achieving global net-zero emissions is a shared responsibility and alongside efforts to cut emissions within corporate value chains, companies should take action to contribute to this wider goal. Therefore, we ask SBTi to continue developing science-based targets for **beyond value chain mitigation**, which would be an appropriate avenue for applying voluntary carbon markets or offsets.

SBTi has been instrumental in setting the bar high for corporate climate ambition. We look forward to seeing how the organisation navigates this complex issue and hope it will continue to uphold its commitment to science-based target setting. We are open to engaging in further conversations with SBTi and other stakeholders on this important matter.

Sincerely,
Leyla Ertur,
Head of Sustainability at H&M Group