



## **Open Letter from ZEMBA and Katalist with support from the Maritime Sector to the Science Based Targets initiative on the Importance of Indirect Mitigation as a Driving Force in Decarbonization of Hard-To-Abate Sectors**

The Science Based Targets initiative (SBTi) recently released an update to its Corporate Net-Zero Standard (CNZS 2.0) and issued a call for public feedback. This was a welcome opportunity, as SBTi is widely recognized as a leading framework for corporate climate action, guiding how companies set credible emissions targets.

The maritime transport sector—considered one of the world’s hardest-to-abate industries—is at the forefront of heavy industry decarbonization. In review of the draft, it was clear that the updated guidance supports continued innovation and investment toward building a resilient, reliable, and cost-effective maritime sector of the future. In response to SBTi’s draft guidance, the Zero Emission Maritime Buyers Alliance (ZEMBA) and Katalist have convened a group of stakeholders from across the sector to share their input and perspectives through SBTi’s official process. These organizations represent some of the first movers driving real emissions reductions with existing solutions and creating new markets for scalable zero- and near-zero fuels and technology alternatives in a multi-trillion-dollar industry that serves as the backbone of global trade. In many cases, they are only able to do this critical work through the use of indirect mitigation because of complexities in maritime value chains, fundamental logistical constraints, and deeply engrained and sector-wide business models of the industry.

### **Our thoughts on SBTi’s draft**

First and foremost, we would like to share our *appreciation for SBTi’s explicit recognition of the value of indirect mitigation approaches in this draft. This recognition is a crucial move to unlock value chain emissions abatement and investment* and is a turning point for the maritime industry in accelerating decarbonization and addressing scope 3 emissions. From our experience, even this unfinished draft is already increasing confidence among value chain actors that were previously withholding market demand for clean energy solutions out of uncertainty about what will “count” under SBTi guidance.

Building on the great work done by SBTi in the first draft, our feedback is centered around specific clarifications around indirect mitigation that we believe would build off the catalyzing work already being done in this sector to maximize the positive impact of CNZS 2.0.

Currently in the draft standard, indirect mitigation is only allowable (1) on an interim basis where there is limited traceability, where (2) insurmountable barriers to direct emissions abatement exist, and (3) as guided by quality criteria.

To unlock greater investment into indirect mitigation approaches, we recommend providing maritime stakeholders, and stakeholders in other hard-to-abate sectors, with more clarity and flexibility within these criteria.

## **Our recommendations moving forward**

Overly prescriptive criteria for indirect mitigation, particularly if not tailored to the practical realities of this unique industry, will impact the ability of companies to start making, or in many instances, rapidly grow their proactive investments (like signing long-term offtake agreements for very low carbon fuels) that will funnel much needed capital into abating maritime emissions. While we share an interest in implementing direct mitigation as much and as soon as practicable, we encourage SBTi to consider the importance of indirect mitigation mechanisms in sectors like maritime in the near- medium term, particularly during a challenging transition phase where low-carbon alternatives remain difficult for many would-be first movers to access. SBTi should consider the impact tradeoffs of its guidance on this topic and shape the final draft accordingly.

Indirect mitigation has the potential to get critical technologies to scale much faster than direct supplier engagement in many harder-to-abate sectors, if it has the proper support from bodies such as SBTi. The maritime sector has demonstrated that it is willing to be a first mover in adoption of new fuels and technologies with the potential to dramatically reduce emissions in the years ahead and is actively shaping best practices for the use of mechanisms like indirect mitigation through rigorous testing and building of systems. All 13 supporting organizations appreciate the opportunity to respond to SBTi's public consultation questionnaire and the thoughtful approach SBTi is taking with drafting these highly impactful standards.

We look forward to seeing the final CNZS released toward our mutual goal of facilitating credible corporate emissions abatement in line with net zero.

To learn more about the pioneering work on indirect mitigation being done in the maritime sector, please visit [www.shipzemba.org](http://www.shipzemba.org) and [katalist.eco](http://katalist.eco).

## **Supporting Organizations Include:**

A.P. Møller – Mærsk A/S  
Environmental Defense Fund  
Hapag-Lloyd AG  
Hoegh Autoliners  
Liquid Wind  
Mitsui O.S.K. Lines, Ltd  
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Patagonia  
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