

Establishing consensus on insetting is critical to enable the effective reduction of Scope 3 emissions, find Abatable and IPI

Consensus needs to be established on how to precisely define and implement insetting if it is to effectively scale as a solution to tackling companies' Scope 3 emissions. This is the headline finding of a new report, [Addressing Scope 3 – how insetting can be scaled to tackle supply chain emissions](#), published by [Abatable](#) and the [International Platform for Insetting](#) (IPI).

The report finds that alignment is sorely needed on insetting best practices and the associated claims companies can make towards their overall emissions-reduction targets. This is critical as many businesses are moving towards insetting as a climate solution amidst increasing public scrutiny over their net-zero plans.

Scope 3, or supply chain emissions, vary by sector but frequently account for over 70%¹ of a company's total carbon footprint. Insetting projects – where a business works with its suppliers to enable them to implement projects that reduce emissions directly within their supply chain – can play a significant role in reducing Scope 3 emissions on company balance sheets while creating positive impacts for communities, landscapes and ecosystems.

Pauline Blanc, Policy and Advocacy Lead at Abatable, said: “Having sound principles behind the implementation of insetting projects and how companies claim climate and nature benefits from insetting is therefore crucial if this practice is to scale as an effective and credible solution to meet global climate and nature goals.”

One of the report's findings is that it is key to establish where the boundaries of insetting lie. There is confusion from market actors in the agricultural sector about whether ‘on-farm’ or wider landscape projects constitute insetting. From a corporate claims perspective, market players also stated there is a blurred boundary between where a Scope 3 reduction claim stops and a Beyond Value Chain Mitigation² claim starts. The lack of clarity from existing standards and frameworks is inhibiting companies from taking action.

Additional consensus is also needed on how insetting is measured, verified and attributed on the project supply side, with guidelines and frameworks still ambiguous or in development. This is important as project developers see insetting as a big part of the future of carbon markets.

The report also finds that:

- With the right frameworks in place, there is huge potential for insetting as an effective climate solution, as it aligns with companies' Scope 3 emissions-reduction efforts under frameworks from the Science-Based Targets initiative and the GHG Protocol while also supporting climate-resilient and regenerative business models.

¹ As outlined by [GHG Protocol](#)

² See the Science Based Target initiative's [Beyond Value Chain Mitigation definition](#)

- Standard setters need to increase alignment and retain a degree of flexibility when defining rules for the sector due to the current state of play of inseting project guidance and methodologies, the current levels of traceability of different agricultural commodities and the availability of data to measure and report on project outcomes. Modular, adaptable approaches will be needed to balance flexibility with stringency across the various inseting environments.
- Companies need to recognise that high-quality inseting projects come with a cost, but also that they offer additional longer-term direct business benefits including more resilient supply chains and a shield against future carbon pricing dynamics.

The report is the product of 20 detailed interviews conducted by Abatable and the IPI with key stakeholders in the inseting space, including Conservation International, Ecoscurities, Indigo Ag, Rabobank and South Pole. Its full recommendations can be found in the appendix to this release.

Pauline Blanc added: “An incredible amount of work is going into developing inseting as a trusted decarbonisation practice. But we need to accelerate climate and nature-positive action and key challenges remain, especially around emissions double counting and boundary setting. We expect to see critical steps forward on these issues in 2024. As our report demonstrates, project developers in the voluntary carbon market can also play a fundamental role by transferring their knowledge to this growing market to enable a positive future for climate, nature and people.”

Michael Guindon, Executive Director of the IPI, said: “Accelerating investment in credible inseting projects is critical to addressing the dual climate and nature crisis but, for this practice to scale, further convergence and alignment between standards, guidance, and data providers on inseting principles and best practices is urgently needed.”

[Abatable](#) is a leading carbon intelligence and procurement platform developing analysis to address challenges in the carbon markets. Abatable has recently launched a suite of market intelligence tools to help industry participants navigate the voluntary carbon market, which include its [VCM country policy profiles](#) to allow policymakers, investors and project developers to compare country policy risk profiles to understand national policy landscapes and make informed decisions.

The [International Platform for Inseting](#) is a collaborative membership organisation for businesses implementing inseting projects that achieve positive impacts for the environment and communities along their value chains. Its purpose is to support businesses with implementing effective and scalable nature-based solutions through inseting, enabling them to set and achieve ambitious climate goals, build resilient and regenerative business models, and reverse the loss of nature within and beyond their value chains.

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Appendix – Report recommendations

Insetting stakeholder	Recommendation
Scope 3 and insetting-focused forums	The definition of insetting and associated best practices needs to be strengthened, and differentiation needs to be made between the different intervention types to protect market integrity.
Greenhouse gas accounting and standard setters	A pragmatic approach needs to be taken when designing guidance around Scope 3 emissions reduction and removal to capture the diverse traceability maturity of different commodities, and to include concepts such as supply sheds ³ to incentivise greater adoption of insetting by corporates.
Corporate target-setting initiatives	Beyond Value Chain Mitiation and landscape approaches need to be incentivised, which contribute to maintaining the world’s natural carbon sinks, as well as the scaling of nascent solutions. It needs to be ensured that market-based mechanisms count towards emissions-reduction plans while guidance is being finalised.
Industry collaboration initiatives	Increased opportunities for corporates to co-invest in insetting projects across production landscapes need to be facilitated to scale impact and achieve economies of scale. Clear principles to adequately reward farmers for the ecosystem services they are investing in need to be established.
Companies considering insetting	Climate and nature action cannot be delayed – investment is needed in upskilling and aligning sourcing and sustainability teams on what insetting is and how to integrate it into business strategies.
Companies considering and already investing in insetting	A business approach of optimising for competitive sourcing prices needs to be shifted to sourcing from supply chains that will be healthy in the future. Farmers need to be worked with, not squeezed.

³ The Value Change Initiative [defines](#) supply sheds as ‘a group of suppliers in a specifically defined geography and/or market (e.g., at a national or sub-national level) providing similar goods and services that can be demonstrated to be associated with the company’s value chain.’