

METHODOLOGY OVERVIEW

Demand by Source

Scenario-based forecast of carbon credit demand from corporate targets, CORSIA and Article 6

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Overview

AlliedOffsets forecasts long-term carbon credit demand under low, medium and high scenarios. Demand from corporate climate commitments is combined with compliance demand from CORSIA and Article 6 to give a total demand outlook by year. Corporate demand covers both companies that already have targets and companies expected to set them in the future.

Data Sources

Source type	How it is used
Corporate climate disclosures	Company emissions, emissions targets and progress against those targets.
Target-setting initiatives	Public records of companies committing to Science Based Targets initiative (SBTi) and net-zero targets over time.
Public carbon registries	Corporate credit retirements, used to understand how companies use credits alongside their targets.
AlliedOffsets compliance models	AlliedOffsets' own CORSIA and Article 6 demand forecasts.

Our Approach

1	Assess existing corporate commitments For companies with targets, we compare expected emissions with target pathways to estimate the shortfall that credits might address.
2	Reflect different target frameworks Net-zero and SBTi-aligned companies are modeled separately. SBTi-aligned demand reflects the levels of credit use anticipated under evolving SBTi guidance.
3	Project future target-setting The growth in companies adopting targets is projected from historical adoption trends, and their potential credit demand is added.

4

Add compliance demand

CORSIA and Article 6 demand forecasts are combined with corporate demand.

5

Build scenarios

Low, medium and high scenarios vary market participation, credit use and target ambition to show a range of plausible outcomes.

Key Principles

Grounded in behavior

Corporate demand is anchored in how companies have actually performed against targets and used credits, not only in stated ambition.

Framework-aware

Different target-setting frameworks are modeled in line with how each treats the use of credits.

Range, not a point

Scenarios show the uncertainty in future demand, not a single prediction.

Quality Assurance

- Inputs are screened for implausible company emissions data.
- Scenario assumptions are reviewed as target-setting guidance and compliance schemes evolve.

Interpreting the Results

- Scenarios are illustrative ranges and are not forecasts of any individual company's purchasing.
- Long-dated years carry more uncertainty than near-term years.

Limitations

- Future target adoption is projected from a relatively short history and may change materially.
- Long-range compliance demand relies on extrapolating policy forecasts that do not yet extend that far.
- The split between demand for removal and avoidance credits is not yet reflected in headline figures.

WHAT YOU GET

Total carbon credit demand by year under each scenario, broken down by source: existing corporate targets, future corporate targets, CORSIA and Article 6.