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Actions and Market Instruments Phase 1 White Paper:

Purpose, principles, key concepts and options for multi-statement reporting of impacts of actions and market instruments

WORKING DRAFT VERSION 1.0 FOR TECHNICAL WORKING GROUP REVIEW

Purpose and scope of this document

This document is a first draft of a phase 1 public output (in full or in part) for the Actions and Market Instruments (AMI) workstream.

Phase 1 includes terms and definitions, accounting and reporting objectives and principles, defining the purpose, structure, and limitations of individual elements within the corporate GHG emissions report, and determining additional reporting elements and associated quantification method(s) needed to address the impacts of actions and market instruments.

The current version is a draft for AMI Technical Working Group (TWG) review and further development. This document was developed by the GHG Protocol Secretariat based on discussions and inputs in the AMI TWG. It includes several open questions for TWG input that are intended to be resolved in upcoming TWG meetings.

At the end of 2025, we will release outcomes agreed by the TWG and decided by Independent Standards Board (ISB).

The sections that are not agreed will be used to continue TWG discussions in 2026.

Process for TWG and ISB review

This draft will be reviewed by and revised with the AMI TWG and then sent to the ISB for decision (see timeline below). The resulting draft agreed by the ISB will be made publicly available in late December 2025 along with a targeted public consultation in early 2026 to inform further work in phase 2.

Timeline for TWG review and ISB approval

Date	Responsible	Activity
Sep 26	Secretariat	Send white paper draft to TWG
Sep 29 – Oct 6	TWG	Review first draft of white paper
Oct 8	TWG, Secretariat	Discuss white paper in Oct 8 TWG meeting
Oct 9 – Nov 7	Secretariat	Integrate TWG feedback to plan in-person TWG workshop
Nov 11 – 13	Secretariat, TWG	In-person TWG workshop to discuss key questions

Nov 17 – Dec 1	Secretariat, TWG	Secretariat synthesizes TWG workshop outcomes into revised white paper Poll TWG members on paper and/or key remaining questions, as possible Introduce draft white paper to ISB at November 24 ISB meeting Send white paper to ISB on December 1
Dec 1 - 12	ISB	Review of white paper (for ISB decision on Dec 15 ISB meeting)
Dec 15 - 19	ISB, Secretariat	If positive ISB decision, finalize/publish white paper
Jan-Feb 2026	Secretariat	Public consultation period (60 days)

Document structure

This document is structured as follows:

Part 1: Introduction

Part 2: Purpose, Principles and Key Concepts of Multi-Statement Reporting

Part 3: Structure of a GHG Report

Contents

Part 1. Introduction

1. Introduction

Survey feedback prior to beginning the Actions and Market Instruments workstream indicated a clear need for additional clarity on how companies quantify and report on the impact of actions (e.g. interventions) and market instruments in corporate GHG reporting.

While different accounting and reporting approaches were suggested across respondents, there was a common request for additional clarity on the accounting objectives, reporting structure, and potential for inclusion of various types of instruments within GHG Protocol's accounting and reporting standards. Additionally, respondents suggested conditions, criteria, and safeguards for the reporting of instruments, including but not limited to those in use by other regulatory or voluntary reporting programs. Survey feedback also highlighted a need for clearer roles among actors in the GHG accounting ecosystem, including GHG Protocol, target setting programs and regulators.

In response to this feedback and market demands, the GHG Protocol has begun developing the Actions and Market Instruments Standard. This standard will provide requirements and guidance for GHG accounting and reporting on the impacts of actions and market instruments in corporate GHG reports. As a forthcoming addition to the Greenhouse Gas Protocol's suite of corporate standards, it is a cross-sector standard intended to be applicable to all organizations, sectors and regions.

The AMI standard will offer a rigorous framework for accounting and reporting on corporate actions and market-based instruments such as carbon credits, value chain interventions, and chain-of-custody models, beyond-value-chain mitigation actions, avoided emissions and related topics. The AMI standard is designed for companies, governments, NGOs, and other stakeholders seeking credible, harmonized, and transparent approaches to quantify the climate impact of these instruments and actions. Its development responds to the growing need for clarity and consistency in how such interventions are applied and disclosed, especially as climate finance and mitigation strategies become increasingly complex and subject to scrutiny. The standard enables use alongside other frameworks, such as SBTi's target setting standards.

For further information, refer to the Actions and Market Instruments Standard Development Plan.

Ultimately, by setting up the respective accounting and reporting requirements, the AMI standard is intended to accelerate impactful GHG mitigation activities in line with the GHG Protocol's mission and vision:

- GHG Protocol's **vision** is that all private and public entities account for their GHG emissions, enabling an acceleration in reductions in line with the global warming limits required by climate science.
- GHG Protocol's **mission** is to develop the most credible, accessible, and widely used greenhouse gas accounting and reporting standards and to proactively facilitate their global adoption and implementation.

2. Precedent in GHG Protocol standards

The AMI Standard will build on existing GHG Protocol standards and guidance as relevant. Examples of existing provisions are included in Table 1. Refer to Annex C for further text from the GHG Protocol Corporate Standard chapter on accounting for GHG reductions.

While existing standards provide requirements and guidance that can be leveraged for the AMI standard, key elements will be revisited and updated in the AMI TWG for the AMI Standard to reflect progress since the publication of the other standards.

Table 1: Overview of GHG Protocol standards and relevance for AMI workstream

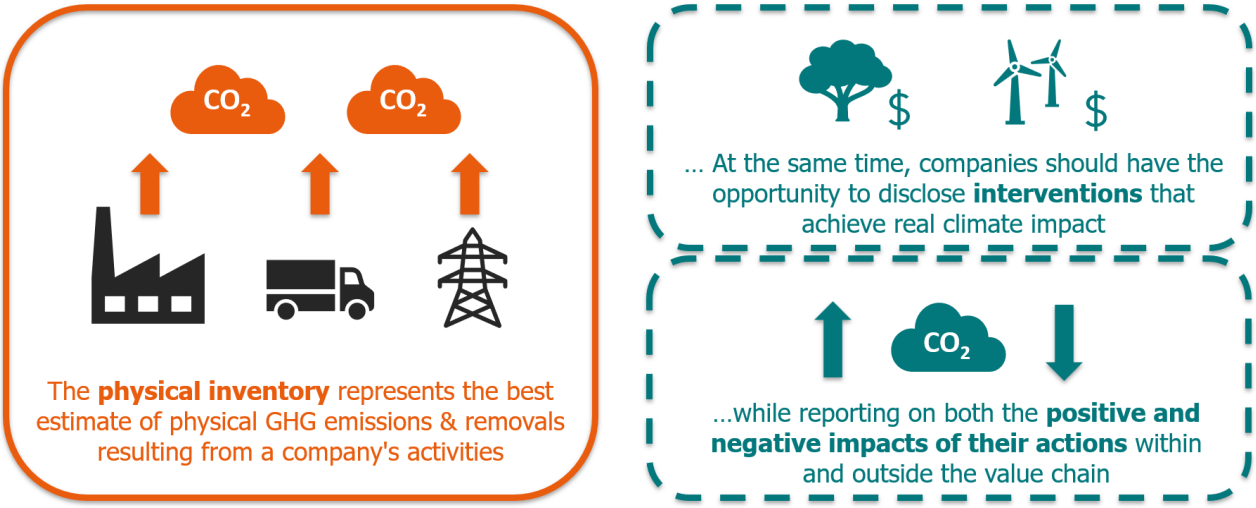
Standard	**Summary of relevant provisions**
Corporate Standard	• Explains the value of accounting for GHG reductions from projects using project accounting methods, in addition to accounting for GHG emissions using inventory methods (Chapter 8: Accounting for GHG Reductions, p.59) • Explains key criteria needed to quantify and report GHG reductions, including additionality, selection of baseline scenario, quantification of relevant primary and secondary effects of projects, and avoidance of double counting (p.60) • Reporting project-based GHG reductions and trades of market instruments separately from the physical GHG inventory in the GHG inventory report (p.60)
Scope 3 Standard	• Accounting for reductions from actions using inventory and project accounting methods (Chapter 9: 9.4 Accounting for scope 3 emissions and reductions over time, p.106-107) • Accounting for avoided emissions using project accounting methods (Chapter 9: 9.5 Accounting for avoided emissions, p.107 and p.109) • Reporting project-based GHG reductions, avoided emissions, and trades of market instruments separately from the inventory in the GHG inventory report (Chapter 11: 11.2 Optional information, p.120)
Scope 2 Guidance	• Accounting for indirect scope 2 emissions from purchased energy using both a location-based method and a market-based method (Chapter 4: 4.1 Approaches to accounting scope 2, p.25-27) • Companies with any operations in electricity markets providing product or supplier-specific data in the form of contractual instruments are required to report scope 2 emissions according to both the location-based method and the market-based method (i.e., "dual reporting") (Chapter 1: 1.5.1 New reporting requirements, p.8) • Additional requirements related to quality criteria for contractual instruments and the use of residual emission factors (Chapter 7: 7.1 Required information for scope 2, p.60)

Project Protocol	• Requirements and guidance for quantifying and reporting GHG impacts of projects
Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects	• Sector-specific requirements and guidance for project accounting for the electricity sector
Land Use, Land Use Change and Forestry Guidance for GHG Project Accounting	• Sector-specific requirements and guidance for project accounting for the LULUCF sector
Policy and Action Standard	• Requirements and guidance for quantifying and reporting GHG impacts of actions larger than projects

3. Need for multi-statement GHG reporting structure

Feedback from stakeholders has highlighted the need and value of reporting GHG impacts of actions taken by the reporting company that are not reflected in a physical GHG inventory (Figure 1). The workstream intends to fundamentally improve and expand on the categories that are so far to be '*reported separately*' according to the Corporate Standard. Through the AMI workstream, GHG Protocol will develop a more comprehensive and transparent corporate GHG accounting and reporting structure, with disaggregated reporting of physical GHG inventory emissions and standardized new reporting element(s) for the impacts of actions and market instruments. This will also allow for integration with other voluntary and regulatory GHG reporting and target-setting programs.

Figure 1. Reasons for disaggregated reporting



The workstream is addressing these issues with a cross-sector approach including:

- Quantifying and reporting GHG impacts of actions / interventions within and outside of the reporting company's value chain, not otherwise reflected in the physical inventory
    - Positive (Avoided emissions)

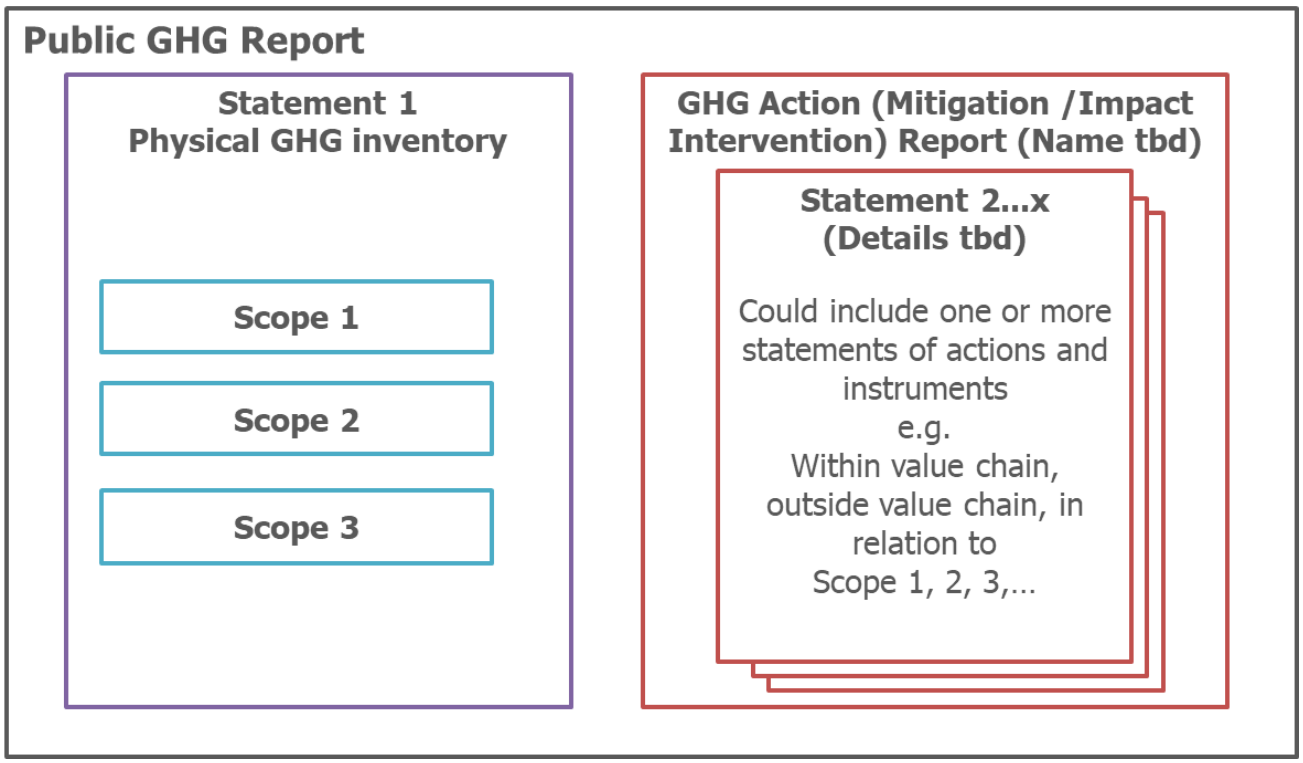
  - Negative (Leakage), if significant
- Quantifying and reporting transactions of market instruments

The approach will make use of a disaggregated, transparent reporting structure. A public GHG report is expected to contain (figure 2):

- A physical GHG inventory, organized by scope.
- One or more statements for impacts of actions and market instruments to separately report elements with unique attributes (e.g. attributional vs. consequential approaches, in value chain vs. outside value chain, transition indicators not expressed in t CO_2e etc.). Possible statements are outlined in part 3, Chapter 8)

Different GHG accounting methods provide different information and serve different purposes. A comprehensive GHG report can provide complete information by transparently disclosing the results from different methods. The structure will address the different needs and use cases behind the statements, e.g. that project/intervention methods are best suitable for decision-making.

Figure 2: Concepts for a multi-statement model



This structure would allow corporate reporters to transparently communicate the effects of impactful interventions while the physical inventory remains the foundational estimate of physical GHG emissions and removals resulting from a company's activities. This approach will maintain the integrity of the physical GHG inventory, disclosing a scope 1, scope 2, and scope 3 GHG inventory based on physical GHG accounting principles. The physical inventory is the statement on which much of the voluntary and regulatory corporate accounting and reporting ecosystem is built. While the physical inventory is established in existing guidance, there is a role to clarify the boundaries of

the physical inventory, and this work is continuing through both AMI and the Corporate Standard update processes.

The AMI workstream will furthermore provide guidance and recommendations on how to use the most appropriate data and information for different purposes. This will include:

- Recommendations on how reporting companies can use various reporting elements for decision-making
- Recommendations on how other stakeholders can interpret reported data
- Recommendations on how voluntary and regulatory programs can use new reporting elements for applications like target-setting

While the workstream approach is intended to be primarily sector-agnostic, there is a role for sector-specific approaches to quantify and report GHG impacts for individual sectors that may not be applicable or relevant for other sectors.

Part 2. Purpose, Principles and Key Concepts of Multi-Statement Reporting

4. Purpose, goals, and objectives[1] of the AMI Standard

The GHG Protocol Actions and Market Instruments (AMI) Standard provides requirements and guidance for companies and other organizations to account for and report on the impacts of actions and market instruments in GHG reports.

The **purpose** is to:

- Enable companies to account for and report on impactful decarbonization actions that are currently not reflected in the physical inventory
- Enable companies to track progress against decarbonization targets (with target setting rules defined by target setting programs)
- Provide transparency in clearly distinguishing between direct reductions (reflected in the physical inventory) and those achieved via other actions and market instruments

The **goals** are to:

- Incentivize companies to make impactful investments in lower carbon products, projects and actions
- Enable companies to account for the GHG impacts of their investments in their GHG /multi-statement reports
- Enable investors to better evaluate the impacts and effectiveness of a company's decarbonization efforts
- Empower customers (B2B and B2C) to make informed procurement choices that support their own climate objectives
- Enable target setting organizations to select eligible "actions/instruments" within their target setting frameworks
- Inform national and regional policies and programs
- Provide a cross-sector standard that can be used as a foundation for sector-specific guidance
- Strengthen the integrity of global climate action by improving comparability and consistency of reported emissions across organizations and over time

The **objectives** are to:

[1] Purpose: a central design intention for the standard. Goal: an actionable ambition related to the identified purposes. Objectives: a specific, measurable step designed to achieve the identified goals.

- Provide commonly accepted terminology of actions, instruments, impacts and related concepts to create clarity and consistency
- Address the appropriate role of actions and market instruments within corporate GHG accounting and reporting as well as how they can help meet emission reduction targets
- Provide a more comprehensive and transparent corporate GHG accounting and reporting structure beyond the physical inventory, with disaggregated reporting between statements (e.g. physical GHG inventory and value chain impacts) as well as within new reporting elements (statements) for the impacts of actions and market instrument
- Set safeguards and quality criteria to ensure credibility of reported impacts, while referring to programs to define more specific programmatic rules

Section 4: Questions to TWG Members

1. Do you agree with the purpose, objectives and goals?
2. Are any goals or objectives missing?
3. Should any be removed?
4. Do you propose any changes to the descriptions?

5. Key concepts, terms and definitions for Actions and Market Instruments workstream

Note to TWG members: This section provides working drafts of terms and definitions. The aim is to create a common understanding to facilitate TWG discussions as some terms are not yet defined or different definitions exist in the ecosystem. Some definitions might require further discussion, refinement and consolidation.

The terms and definitions are grouped into the following sections: Actions and market instruments (5.1), Attributional and consequential accounting (5.2), GHG report, statement and inventory (5.3), GHG inventory terms (5.4), Reporting structure related terms (5.5), GHG impact related terms (5.6), GHG crediting related terms (5.7), Traceability related terms (5.8) and Target related terms (5.9).

5.1 Actions and market instruments

While actions and market instruments are two broad categories that are intended to encompass the various areas of interest to this workstream, the categories are not mutually exclusive and in some cases the same activity could be categorized in multiple ways. For example, an action can be considered a market instrument if GHG reductions from an action are credited and transferred to another party.

- **Actions:** Projects, interventions, investments, purchases of products, sales of products, or other activities that lead to changes in GHG emissions and removals (without regard to inventory boundary).
- **Mitigation action**: Action intended to decrease emissions or increase removals. Mitigation actions are not limited to market instruments.
- **Project ('GHG Project' from Corporate Standard):** A specific project or activity designed to achieve GHG emission reductions, storage of carbon, or enhancement of GHG removals from the atmosphere. GHG projects may be stand-alone projects, or specific activities or elements within a larger non-GHG related project.
- **Intervention:** An action that is "typically either structured as products (a physical good or service that has a lower emission profile) or projects (a process change that is discretely defined and yields emissions reductions, avoided emissions, and/or removals that are not communicated in association with an amount of product output)." (AIM Platform)
- **Market instruments**: Any type of contract between two parties for the sale and purchase of claims related to GHG reductions/removals or environmental attributes or to substantiate traceability.
    - Market instruments can include carbon credits, offset credits, inset credits, mass balance certificates, book-and-claim certificates, environmental attribute certificates, bilateral contracts, among others. Market instruments have been developed for compliance/regulatory markets and voluntary markets.
    - Definitions of individual market instruments are provided in sections 5.7 and 5.8.

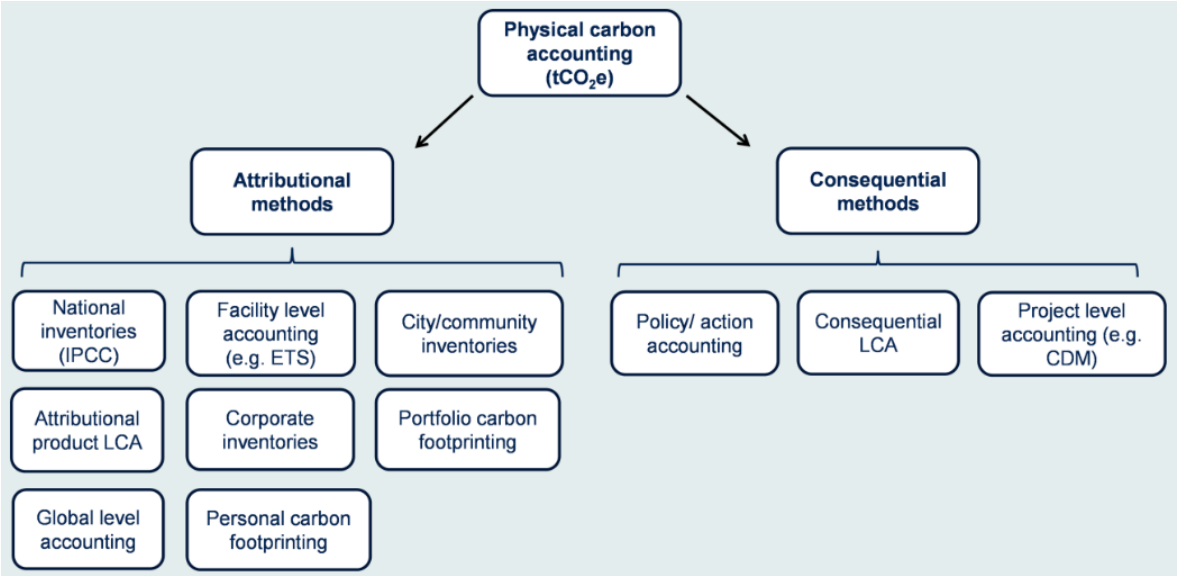
5.2 Attributional and consequential accounting

Differentiating and contextualizing actions and market instruments within corporate GHG accounting requires understanding different types of accounting:

- **Attributional accounting** tracks GHG emissions and removals within a defined boundary over time. Corporate inventory accounting is a type of attributional accounting that is the primary method used by corporations and other organizations to report emissions from their operations and value chains. The attributional accounting approach requires reporting organizations to define clear organizational and operational boundaries, within which emissions are quantified and organized across scopes 1, 2, and 3.
    - Its rules and procedures are detailed within several GHG Protocol standards and guidance including the GHG Protocol Corporate Standard, the Scope 2 Guidance, the Corporate Value Chain (Scope 3) Standard, and the upcoming Land Sector and Removals Standard and Guidance.
- **Consequential accounting** estimates the impacts or changes in GHG emissions resulting from specific projects, actions, or interventions relative to a baseline scenario.
    - Consequential accounting includes multiple subcategories of methods, such as project accounting, policy/action accounting, consequential LCA, etc. (Figure 3)
    - Alternative terms for consequential accounting include project accounting, intervention accounting, and impact accounting. Project accounting and intervention accounting are sometimes used interchangeably (see also section 5.5).

- Project-based accounting is a type of consequential accounting that is the primary method used to evaluate the emission effects of projects or interventions by comparing emissions and removals that happen in the project or intervention scenario with an estimate of what would have happened without the project or intervention. The project-based accounting approach evaluates system-wide emissions impacts of the project or intervention in question, without regard to the reporting company's operational or organizational inventory boundary.
- Rules and procedures for project-level accounting have been detailed in the GHG Protocol for Project Accounting and its sector-specific supplements, the Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects and the Land Use, Land-Use Change, and Forestry (LULUCF) Guidance for GHG Project Accounting.
- Policy/action accounting is a type of consequential accounting that quantifies the total changes in emissions and removals caused by policies and actions larger than projects, such as programs, strategies, portfolio changes, technological innovations, incentive schemes, investment programs, regulations, etc.
- Rules and procedures for quantifying GHG impacts of actions larger than individual projects have been detailed in the Policy and Action Standard.
- Consequential LCA is a type of consequential accounting that estimates the total, system-wide change in emissions and removals that occurs as the result of a change in output of the functional unit, in response to, for example, changes in production technology, public policy, or consumer behavior.

Figure 3. Categorization of physical carbon accounting as attributional and consequential



Source: GHG Management Institute

An attributional GHG inventory may be thought of as defining responsibility for emissions and removals occurring from sources and sinks. While this provides important information and insights for many aspects of climate action and planning, changes in inventory totals cannot always provide

signals or incentives that align corporate actions with impacts to atmospheric emissions. For example:

- Changes in in the electric grid mix from regulatory action may lead to a decrease in scope 2 emissions for corporate reporters without any direct action from those reporters.
- An increase in the use of biogenic products may decrease fossil emissions within the inventory boundary of a reporting company, however secondary effects such as an increase in demand for biogenic products could lead to deforestation.

An action could be quantified using attributional or consequential accounting, i.e. with inventory accounting if it leads to a change in activity data within the inventory boundary or quantified with project-based accounting if the outcomes are compared to a counterfactual baseline scenario.

5.3 GHG report, statement, inventory

- **GHG Report:** A document disclosing a company's GHG inventory results, GHG impacts of actions taken by the company, methods and data used, and other relevant reporting elements to internal and external stakeholders. A GHG report can include multiple GHG statements.
    - **GHG Protocol Corporate Standard:**
        - **GHG public report** Provides, among other details, the reporting company's physical emissions for its chosen inventory boundary. (refer to Chapter 9)
    - **ISO 14064-1:2018:**
        - **Greenhouse gas report (GHG report):** standalone document intended to communicate an *organization's* (3.4.2) or *GHG project's* (3.2.7) GHG-related information to its *intended users* (3.4.4). A GHG report can include a *GHG statement* (3.2.5).
- **Reporting Element:** A component of a GHG statement that provides unique information.
- **GHG Statement:** A collection of reporting elements within a GHG report that are aligned via specific criteria (e.g. boundaries, accounting approach, and/or other criteria).
    - ISO 14064-1:2018: **greenhouse gas statement (GHG statement)**
        - DEPRECATED: GHG assertion
        - factual and objective declaration that provides the subject matter for the *verification* (3.4.9) or *validation* (3.4.10)
        - Note 1 to entry: The GHG statement could be presented at a point in time or could cover a period of time.
        - Note 2 to entry: The GHG statement provided by the *responsible party* (3.4.3) should be clearly identifiable, capable of consistent evaluation or measurement against suitable criteria by a *verifier* (3.4.11) or *validator* (3.4.12).
        - Note 3 to entry: The GHG statement could be provided in a *GHG report* (3.2.9) or *GHG project* (3.2.7) plan.
- **GHG Inventory:** A quantified list of an organization's GHG emissions and removals.
    - GHG Protocol Corporate Standard and Scope 3 Standard:

        - **Greenhouse gas (GHG) inventory**: A quantified list of an organization's GHG emissions and sources.
    - ISO 14064-1:2018:
        - **Greenhouse gas inventory (GHG inventory):** list of *GHG sources* (3.1.2) and *GHG sinks* (3.1.3), and their quantified *GHG emissions* (3.1.5) and *GHG removals* (3.1.6)
- **GHG Action (or Mitigation / Impact / Intervention) Report** *(title TBD):* The part of the GHG report that consists of one or more statements (see chapter 8) beyond the physical GHG inventory, reporting on mitigation actions/interventions taken by the reporting entity.

5.4 GHG inventory terms[2]

- **Accounting:** Measuring, quantifying and monitoring GHG emissions, removals and other related metrics using standardized methods per agreed-upon protocols.
- **Activity data:** A quantitative measure of a level of activity related to a source or sink, that results in GHG emissions, removals, and/or other impacts covered by other accounting categories.
- **Emission:** The release of a greenhouse gas into the atmosphere.
- **Emission factor:** A value that estimates the quantity of emissions per unit of activity (e.g. per tonne of fuel consumed, per tonne of product produced), allowing absolute GHG emissions to be estimated from activity data.
- **Inventory boundary**: A conceptual boundary that encompasses the direct and indirect emissions, removals and other relevant metrics that are included in the inventory. It results from the chosen organizational and operational boundaries, and relevant accounting categories.
- **Removals (inventory accounting category):** The net transfer of a greenhouse gas from the atmosphere to storage within a non-atmospheric pool.
- **Reporting:** Presenting data to internal management and external users such as regulators, shareholders, the general public or specific stakeholder groups.
- **Sink:** A biogenic or technological process, activity or mechanism that removes greenhouse gases from the atmosphere
- **Source:** A process, activity or mechanism that releases greenhouse gases into the atmosphere.
- **Temporal boundary**: Determines the relevant time period for quantifying emissions, removals, or other accounting categories.
- **Value chain (Scope 3 Standard):**
    - **Value chain:** In the Scope 3 Standard, "value chain" refers to all of the upstream and downstream activities associated with the operations of the reporting company,

[2] Terms and definitions are taken from the Land Sector and Removals Standard except where noted.

including the use of sold products by consumers and the end-of-life treatment of sold products after consumer use.

- **Value chain emissions:** Emissions from the upstream and downstream activities associated with the operations of the reporting company.

5.5 Reporting structure related terms[3]

- **Physical GHG inventory:** An inventory of GHG emissions and removals occurring within the reporting company's operations and value chain using inventory accounting methods, without double counting by the same entity, and independent of any GHG trades such as purchases or sales of allowances, offsets, and credits.
- **Inventory accounting:** Accounting for GHG emissions, removals, and other accounting categories over time within a defined inventory boundary relative to a historical base year.
- **Project or intervention accounting:** Accounting method that quantifies systemwide GHG impacts of a specific project, action or intervention on GHG emissions, removals, and/or other accounting categories relative to a counterfactual baseline scenario that represent the conditions most likely to occur in the absence of the project, action or intervention.
- **Accounting category**: A dimension of a GHG report that represents a unique impact to the climate resulting from an entity's activities (i.e., emissions, removals, land use, land carbon leakage, gross CO_2 fluxes, product carbon storage, and reversals). An accounting category may be further disaggregated into accounting subcategories.
- **Additional accounting category:** An accounting category that is reported outside of the physical GHG inventory.

5.6 GHG impact related terms[4]

- **Emission reduction (adapted from Project Protocol):** A decrease in GHG emissions or an increase in removal or storage of GHGs from the atmosphere, relative to baseline emissions.
- **Enhanced removals (adapted from Project Protocol):** An increase in removal or storage of GHGs from the atmosphere, relative to baseline removals.
- **Avoided emissions:**
    1. Emissions that would have otherwise happened, but that, as a result of a company's activities, did not happen.
    2. Measures taken by companies to avoid creating value chain emissions from the outset (e.g., manufacture of electric vehicles instead of internal combustion engines)" (SBTi, based on WWF 2020)

[3] Terms and definitions are taken from the Land Sector and Removals Standard except where noted.
[4] Terms and definitions are taken from the Land Sector and Removals Standard except where noted.

3. Avoided emissions (product level accounting): Product-related avoided emissions are emission reductions that occur outside of the life cycle or value chain of a product or service, but as a result of the use of that product (Greenhouse Gas Protocol, 2017).
4. Avoided emissions account for the favorable differences in the GHG emissions impact of a product (good or service) relative to the situation where that product does not exist (WRI, 2019).
5. Emission reductions occurring outside the inventory boundary as a result of actions taken by the reporting company (Alternative option for TWG consideration).

- **Avoided removals:** Removals that would have otherwise happened, but that, as a result of a company's activities, did not happen.
- **Market-mediated effects**: Effects of an action, such as substitution or displacement effects, resulting from supply and demand dynamics.
- **Leakage:** A phenomenon that occurs when corporate actions lead to increased emissions and/or decreased removals outside of a company's traditional inventory boundary.
    - **Leakage effects:** Negative impacts on emissions and removals outside the company's inventory boundary caused by a company's activities to reduce emissions or increase removals within the inventory boundary.
    - **Land carbon leakage (accounting category):** A specific type of leakage, driven by increased demand for agricultural products and a fixed amount of global land, that occurs when corporate actions displace food or feed production to locations beyond the lands in their operations or value chain, leading to agricultural expansion and land use change.
- **Additionality:**
    - **Project Protocol:** A criterion often applied to GHG projects stipulating that project-based GHG reductions should only be quantified if the project activity "would not have happened anyway"—i.e., that the project activity (or the same technologies or practices it employs) would not have been implemented in its baseline scenario and/or that project activity emissions are lower than baseline emissions.
    - **Land Sector and Removals Standard** (in the context of quality criteria for GHG credits): The intervention (e.g., project or activity) reduces emissions or increases removals relative to the amount of emissions or removals that would have occurred without the financial incentives provided by the credit.
    - Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of that intervention (SBTi).

5.7 GHG crediting related terms[5]

- **GHG credit:** A convertible and transferable instrument usually bestowed by a GHG program which represents the mitigation of a specified amount of greenhouse gas emissions or CO_2 removals, not necessarily used as an offset.

[5] Terms and definitions are taken from the Land Sector and Removals Standard except where noted.

  - Carbon credit (ICVCM): A tradeable intangible instrument that is issued by a carbon-crediting program, representing a GHG emission reduction to, or removal from, the atmosphere equivalent to one metric tonne of carbon dioxide equivalent. This is calculated as the difference in GHG emissions or removals from a baseline scenario to the emissions or removals occurring under the mitigation activity, and any adjustments for leakage. The carbon credit is uniquely serialised, issued, tracked and retired or administratively cancelled by means of an electronic registry operated by an administrative body, such as a carbon-crediting program."
  - Carbon credit (SBTi): A carbon credit is a tradable unit that represents one metric tonne of avoided GHG emissions, reduced GHG emissions or GHG removals.

- **Inset credit:** Quantified mitigation outcomes (e.g., emission reductions or removals) of projects or broader interventions which are credited for GHG claims to be transferred between entities, and which are generated from projects or interventions occurring inside the reporting company's value chain (i.e. scope 3). Credited GHG reductions or removal enhancements are quantified using project or intervention accounting methods.
- **Offset credit:** Quantified mitigation outcomes (e.g. emission reductions or removals) of projects or broader interventions which are credited for GHG claims to be transferred between entities, and which are generated from projects or interventions occurring outside the reporting company's value chain. Credited GHG reductions or removal enhancements are quantified using project or intervention accounting methods.
- **Emissions reduction credits** represent a reduction or avoidance of GHG emissions relative to baseline emissions associated with an intervention (e.g., avoided deforestation).
- **Emissions avoidance credits (SBTi):** Emissions avoidance credits refer to certificates/ tradeable units that represent one tonne of GHGs that are issued from activities that prevent potential future emissions compared to a counterfactual baseline scenario. The number of credits eligible for issuance in any given year results from comparing the emissions performance of an activity with the level of emissions in the counterfactual scenario in that year. For instance, a greenfield zero or lower carbon electricity project may generate carbon credits provided that, in the absence of revenue from the sale of carbon credits, a higher emissions alternative would have been built and operated instead.
- **Removal enhancement credits** represent an increase in removals relative to baseline removals associated with an intervention (e.g., soil carbon sequestration, direct air capture with geologic storage). (In some cases, emission reductions and removal enhancements from a project may be accounted for together against a common baseline. In such cases, separate reporting may not be possible.)
- **GHG program:** A generic term used to refer to any voluntary or mandatory international, national, sub-national, government or nongovernmental authority that registers, certifies, and/or regulates GHG emissions or removals outside the company.

5.8 Traceability related terms[6]

- **Traceability:** The ability of a company to identify, track and collect information in the value chain of goods and services purchased or sold by the company, including upstream and downstream processes and products.
- **Traceability system:** A set of procedures that allow an entity to track and record how specific materials or products move across entities and are transformed throughout their value chain, from production to processing to end use.
- **Physical traceability:** The ability of a company to identify, track, and collect information on activities (e.g. activity data or GHG emission or removals factors) related to material flows of goods and services in its value chain, across its upstream and downstream processes and products.
- **Impact traceability:** The ability of a company to identify, track, and collect information on the GHG emission or removal impacts of projects or interventions in the value chain of goods and services purchased or sold by the company, including upstream and downstream processes and products.
- **Sourcing region**: A predefined, spatially explicit land area that supplies a given raw material to the first point of aggregation or first processing facility in the value chain. Sourcing region boundaries may be defined relative to the tier of the value chain that is inclusive of multiple first points of aggregation or first processing facilities with overlapping areas that supply harvested raw materials.
- **Chain of custody model:** The approach taken to transfer the information associated with a material or product as ownership of the material or product transfers from one entity to another in a value chain
- **Chain of custody models** (adapted from: ISO 22095:2020; ISEAL, 2025)[7], ranked from strong physical relationship to no physical relationship:
    - **Identity preserved:** Chain of custody model in which materials or products with specified characteristics originating from a single source or origin are kept physically separate from materials or products originating from other sources throughout the value chain.
    - **Segregation**: Chain of custody model in which materials or products with a set of specified characteristics are kept physically separate from materials or products without that set of characteristics. This model allows for mixing of materials with the same set of characteristics from multiple sources but not mixing with materials or products without that set of characteristics.
    - **Controlled Blending:** Chain of custody model in which materials or products with a set of specified characteristics are mixed according to certain criteria with materials or products without that set of characteristics, resulting in a proportional attribution of the specified characteristics within all parts of the final output(s) or product

[6] Terms and definitions are taken from the Land Sector and Removals Standard except where noted.

[7] For definitions and additional guidance refer to ISEAL Alliance, "Chain of Custody Models and Definitions." *A reference document for sustainability system stakeholders. Version* 2 (2025).

group(s). System boundaries: At a given stage in the value chain for a batch of products.

- **Mass Balance** Chain of custody model in which materials or products with a set of specified characteristics are mixed according to defined criteria with materials without that set of characteristics, and where the volume of content with the specified characteristics can be attributed to any of the parts of the final output(s) or product group(s), at the transfer boundary. If the transfer boundary is producing various outputs or product groups, allocation has to be performed first. Transfer boundary can be at a given stage in the value chain, where the volume of content with specified characteristics is reconciled at a:
    - Batch-level – for the final outputs from the batch at the point of blending.
    - Site-level (facility) – for the final outputs at the site over a defined reconciliation period, recommended to not exceed 12 months.
    - Multi-site / group-level – for the final outputs from the multiple sites over a defined reconciliation period, recommended to not exceed 12 months.
- **Book and Claim** (also 'Certificate trading'): Chain of custody model in which the transfer of specified characteristics are not connected to the physical flow of material or products through the supply chain.

5.9 Target related terms[8]

- **External compensation:** Mitigation external to the target boundary achieved through purchasing and retiring GHG credits (also called offsets or carbon credits) to compensate for annual or cumulative unabated emissions in the target boundary.
- **Compensation target:** Target for achieving mitigation external to the target boundary through purchasing and retiring GHG credits (also called offsets or carbon credits) to compensate for annual or cumulative unabated emissions in the target boundary, if allowed under the relevant target setting program or target setting policy.
- **Contribution or financing target:** Target for contributing to financing GHG mitigation outside the company's target boundary, through financing or purchasing and retiring GHG credits applied against contribution targets (i.e., without using GHG credits as offsets or compensation).
- **Target boundary:** The boundary that defines which GHGs, scopes, sectors, lands, operations or other assets, accounting categories, and activities are covered by the target.
- **Target level:** The numerical value of the target, expressed as an absolute value or a percent reduction relative to a value in the target base year or period.
- **Target base year or period:** The base year or period used for defining a GHG target.
- **Target year or period:** The year or period of time during which emissions, removals or other metric performance is actually measured against the target level.

[8] Terms and definitions are taken from the Land Sector and Removals Standard except where noted.

Section 5: Questions to TWG Members

1. Do you agree with the terms and definitions?
2. Are any terms missing?
3. Do you propose any changes to definitions?

6 Principles for GHG accounting and reporting

The GHG accounting and reporting of GHG impacts of actions and market instruments should be accurate, consistent, complete, relevant, transparent and conservative, removals should meet the principle of permanence, and additional quality criteria apply to credited GHG reductions and removals.

The sections below present general definitions of each principle from multiple standards (including draft updates being considered in the Corporate Standard TWG) and apply or extend the general concepts as a basis for designing a new multi-statement GHG reporting structure for impacts of actions and market instruments.

6.1 Transparency

- **General definition (draft, subject to revision and consolidation)**
  - Corporate Standard: Ensure that GHG reporting contains all information relevant to users including but not limited to assumptions, limitations, exclusions, and references to accounting and calculation methodologies and data sources used. Present all information in a clear, factual, neutral, and understandable manner. Maintain clear documentation (i.e., an audit trail) to enable internal reviewers and external verifiers to attest to the credibility of reported GHG information.
  - Project Protocol: Provide clear and sufficient information for reviewers to assess the credibility and reliability of GHG reduction claims.
  - Policy and Action Standard: Provide clear and complete information for internal and external reviewers to assess the credibility and reliability of the results. Disclose all relevant methods, data sources, calculations, assumptions, and uncertainties. Disclose the processes, procedures, and limitations of the GHG assessment in a clear, factual, neutral, and understandable manner through an audit trail with clear documentation. The information should be sufficient to enable a party external to the GHG assessment process to derive the same results if provided with the same source data.
- **Application to actions and market instruments**
  - A foundational concept for multi-statement GHG reporting design is transparent and disaggregated reporting of unique reporting statements and elements without netting.

- Ensure separate reporting of attributional (e.g. physical inventory emissions) and consequential elements (e.g. GHG impacts of actions).
  - Separate reporting of physical inventory emissions from project-based GHG reductions and trades of market instruments is established in the Corporate Standard (Chapter 8, Accounting for GHG Reductions, page 60-61 – see Annex C).
- As a policy neutral standard,[9] the role of GHG Protocol is to ensure accurate, complete, transparent information. Disaggregation of GHG elements ensures separate reporting of apples and oranges to ensure full transparency and enable other actors and policymakers to make decisions about whether and how to add or net diverse categories.
  - Whether to include one or more categories within a target boundary and whether to net one category against another (i.e. treat one as fungible with another) is a policy decision. Programs and policymakers can make policy decisions about aggregation or netting across categories (e.g. as a basis for tracking progress toward targets) in the context of specific policy/program objectives.
  - Disaggregated, transparent reporting under the GHG Protocol allows for better integration with multiple programs (including target setting programs such as SBTi), which may seek to include different reporting elements based on their policy objectives. If GHG Protocol were to merge or net elements in the GHG reporting, GHG Protocol would be taking away the ability of programs and policymakers to make policy decisions.
  - For more information on target setting and the role of GHG programs, see section 7.
- Ensure transparency by reporting methodologies, baselines, assumptions, and data sources to quantify GHG impacts and outcomes of actions and market instruments.

6.2 Completeness

- **General definitions**
  - Corporate Standard: Account for and report on all GHG emissions, removals (if applicable) and other metrics from sources, sinks and activities within the inventory boundary. Disclose and justify any exclusions. A complete inventory should appropriately reflect the GHG emissions, removals, and other metrics of the company. Companies should not exclude any activities that would compromise the relevance of the reported inventory.

[9] GHG Protocol standards should be scientifically sound and policy neutral, such that they support multiple policy mechanisms and programs that build on the GHG Protocol foundation. GHG Protocol standards focus primarily on GHG accounting and reporting issues while identifying relevant policy issues and target setting issues to be addressed by programs, regulators, and policymakers. GHG Protocol standards are policy relevant and intended to support the larger objective of reducing GHG emissions in line with global climate goals, but the standard is not designed to favor one policy mechanism over another. GHG Protocol standards provide guidance on target setting and limited requirements where needed to support the accounting and reporting approaches.

- Project Protocol: Consider all relevant information that may affect the accounting and quantification of GHG reductions and complete all requirements.
- Policy and Action Standard: Include all significant GHG effects, sources, and sinks in the GHG assessment boundary. Disclose and justify any specific exclusions.

- **Application to actions and market instruments**
  - Include all relevant impacts and actions in the GHG report. Do not have biased (systematically incomplete) reporting.
  - The GHG accounting and reporting system should account for and report both positive and negative elements occurring within and outside the inventory boundary (i.e. emissions reductions as well as emissions increases).
  - Avoid cherry picking by selectively reporting on positive impacts or actions without reporting on both positive and negative impacts or actions
    - Avoid cherry picking of which actions to report on. If companies report GHG impacts of actions, companies should report impacts from all significant actions, not only selectively reporting impacts from only positive actions.
    - Avoid cherry picking of which impacts of those actions to quantify and report. If GHG impacts of actions are reported, companies should report all significant GHG impacts (positive and negative), including both increases and decreases in emissions/removals.

6.3 Accuracy

- **General definition**
  - Corporate Standard: Ensure that the quantification of GHG emissions, removals (if applicable) and other metrics is systematically neither over nor under the actual value, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users to make decisions with reasonable confidence as to the integrity of the reported information.
  - Project Protocol: Reduce uncertainties as much as is practical.
  - Policy and Action Standard: Ensure that the estimated change in GHG emissions and removals is systematically neither over nor under actual values, as far as can be judged, and that uncertainties are reduced as far as practicable. Achieve sufficient accuracy to enable users and stakeholders to make appropriate and informed decisions with reasonable confidence as to the integrity of the reported information. Accuracy should be pursued as far as possible, but once uncertainty can no longer be practically reduced, conservative estimates should be used.
- **Application to actions and market instruments**
  - Reported GHG emissions, removals, or emission reductions should be scientifically accurate as far as reasonably feasible and correspond to real emissions, removals or reductions in greenhouse gases to/from the atmosphere.
  - Quantification methods and data should be appropriate to support intended claims. Ensure that any claims based on the reported data are accurate and not misrepresentative. For example, emission reduction claims should be based on methods designed to quantify emission reductions.

6.4 Conservativeness

- **General definition**
  - Corporate Standard: Accuracy should be pursued as far as possible, but once uncertainty can no longer be practically reduced, conservative estimates should be used. Conservative values and assumptions are those more likely to overestimate GHG emissions or underestimate GHG reductions and removals resulting from an action. Users should consider conservativeness in addition to accuracy when uncertainty can no longer be practically reduced, when a range of possible values or probabilities exists (for example, when developing baseline scenarios), or when uncertainty is high.
  - Project Protocol: Use conservative assumptions, values, and procedures when uncertainty is high. GHG reductions should not be overestimated. Where data and assumptions are uncertain and where the cost of measures to reduce uncertainty is not worth the increase in accuracy, conservative values and assumptions should be used. Conservative values and assumptions are those that are more likely to underestimate than overestimate GHG reductions.
- **Application to actions and market instruments**
  - When there is uncertainty, err on the side of underreporting emission reductions and removals from reported actions.

6.5 Consistency

- **General definitions**
  - Corporate Standard: Use consistent methodologies to allow for meaningful comparisons of GHG emissions, removals (if applicable) and other metrics for the company over time, between divisions within the company, or between companies where relevant. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
  - Project Protocol: Use data, methods, criteria, and assumptions that allow meaningful and valid comparisons.
  - Policy and Action Standard: Use consistent accounting approaches, data collection methods, and calculation methods to allow for meaningful performance tracking over time. Transparently document any changes to the data, GHG assessment boundary, methods, or any other relevant factors in the time series.
    - **Comparability:** Ensure common methodologies, data sources, assumptions, and reporting formats such that the estimated change in GHG emissions and removals resulting from multiple policies or actions can be compared. If the objective is to compare the results of independent assessments of policies carried out by different entities, users should exercise caution in comparing the results of policy assessments based on this standard. Differences in reported emissions impacts may be a result of differences in methodology rather than real- world differences. Additional measures are necessary to

enable valid comparisons, such as consistency in the timeframe of the assessments, the types of effects included in the GHG assessment boundary, baseline assumptions, calculation methodologies, methods for assessing policy interactions, and data sources. Additional consistency can be provided through GHG reporting programs or more detailed sector- specific guidance. To understand whether comparisons are valid, all methodologies, assumptions, and data sources used must be transparently reported.

- **Application to actions and market instruments**
  - Use methods, approaches and data that are consistent (over time) and comparable (across companies) to the extent possible.

6.6 Relevance

- **General definitions**
  - Corporate Standard: Ensure the GHG inventory report appropriately reflects the GHG emissions, removals (if applicable) and other metrics of the company and serves the decision-making needs of users – both internal and external to the company.
  - Project Protocol: Use data, methods, criteria, and assumptions that are appropriate for the intended use of reported information.
  - Policy and Action Standard: Ensure the GHG assessment appropriately reflects the GHG effects of the policy or action and serves the decision- making needs of users and stakeholders— both internal and external to the reporting entity.
- **Application to actions and market instruments**
  - Include all relevant statements and reporting elements in the GHG report.

6.7 Permanence

- **General definitions**
  - Land Sector and Removal Standard (for inventory removals): Ensure mechanisms are in place to monitor the continued storage of reported removals and captured GHGs, account for reversals, and report emissions from associated carbon pools.
  - Land Sector and Removal Standard (for credited removals): GHG reduction or removal credits ensure the longevity of a carbon pool and the stability of its stocks over time (such as 100 years or other time period defined by the program) and have mechanisms in place to monitor and compensate for any reversals or emissions from the stored carbon.
- **Application to actions and market instruments**
  - This principle applies to removals only.
  - Any reported removals should ensure permanence.

6.8 Principles or quality criteria for (credited) emission reductions and enhanced removals

Additional principles or quality criteria beyond the principles above (sections 6.1 to 6.7) apply when accounting for and reporting credited GHG emission reductions or removals. Various external initiatives have developed quality criteria which are also relevant and will be considered (e.g. AIM, TCAT, ICVCM, VCMI, SBTi, etc.). Their application to eligibility requirements for reporting on actions and market instruments will be further considered. Further details and options on quality criteria are presented in section 9.

- **General definitions**
  - Land Sector and Removals Standard: Companies shall ensure that any credited GHG reductions or removals adhere to the following quality criteria:
    - Additionality, credible baselines, permanence, mitigate leakage, unique issuance and claiming, regular monitoring, independent validation and verification, GHG program governance, and no net harm.
- **Application to actions and market instruments**
  - Actions and market instruments reported in a corporate GHG report should be impactful in reducing GHG emissions or increasing GHG removals.
  - GHG reductions reported in a corporate GHG report should correspond to reductions in atmospheric GHG emissions.
  - GHG removals reported in a corporate GHG report should correspond to permanent removals of GHG emissions from the atmosphere.
  - GHG reductions or removals reported in a corporate GHG report should reflect additional emissions reduction, avoidance, or removal that would not have occurred absent the reporting company's intervention (specific methods for operationalizing additionality are to be determined).
  - Additional quality criteria are presented in section 9.

Section 6 Questions to TWG Members

1. Do you agree with the principles?
2. Are any principles missing?
3. Do you propose any changes to principles and definitions?

7 Target setting and role of programs

GHG Protocol provides standards and guidance on GHG quantification/accounting and reporting. GHG Protocol's role is not to decide whether or under what conditions market instruments or actions are eligible to count toward meeting company targets. Deciding of use of instruments is a policy decision about target setting rules to be made by programs and policymakers.

GHG Protocol supports target setting programs such as SBTi by providing common measurement and reporting data upon which programs can make policy decisions on which elements to include in target boundaries. It is up to programs decide which elements of a comprehensive multi-statement GHG report to use to meet GHG targets.

GHG Protocol plans to provide limited guidance to GHG programs and policymakers on options or recommendations for target setting and target accounting, but decisions should be made by programs, regulators, and policymakers. Actions and market instruments could be part of overall target accounting or performance accounting, subject to policy and programmatic rules.

Role of policymakers and programs in setting net targets

- Setting rules for net targets is a GHG program or regulatory decision. The GHG Protocol accounting and reporting standard is not by itself sufficient for this purpose.
- If more than one accounting category is included in a net target boundary, it allows progress in one category to come at the expense of another when determining whether a target has been achieved. Setting rules for net targets is therefore a policy decision. GHG Protocol requires disaggregation of inventory categories in GHG inventory reports, which enables policymakers, regulators and GHG programs to make policy decisions on fungibility between categories in the context of specific program objectives.
- Target setting programs may choose to allow accounting categories to be added or netted within a target boundary to meet specific program objectives.

Target setting rules to be defined by GHG programs (to be decided in the context of specific program/policy objectives)

- Target boundary (i.e. which GHG statements and elements to include in one or more target boundaries)
- Target level (i.e. level of ambition of the target)
- Target base year and target year
- Reference point for GHG impacts of actions and market instruments such as avoided emissions (e.g. physical inventory emissions, other reference points)
- Whether specific types of actions and market instruments are eligible or ineligible to count toward corporate GHG targets, and if so for which sectors, for which types of instruments/programs, up to what limit, in what geographies, for what period of time, etc.
- Other

Section 7: Questions to TWG Members

1. Do you agree with the approach?
2. Do you propose any changes?

Part 3. Structure of a GHG Report

8 Possible statements

A GHG report should contain information on unique elements in separate statements. While the Physical GHG Inventory is and will remain the primary component of corporate reporting outlined within the Corporate Standard, additional possible statements listed below are being considered within the Actions and Market Instruments Technical Working Group.

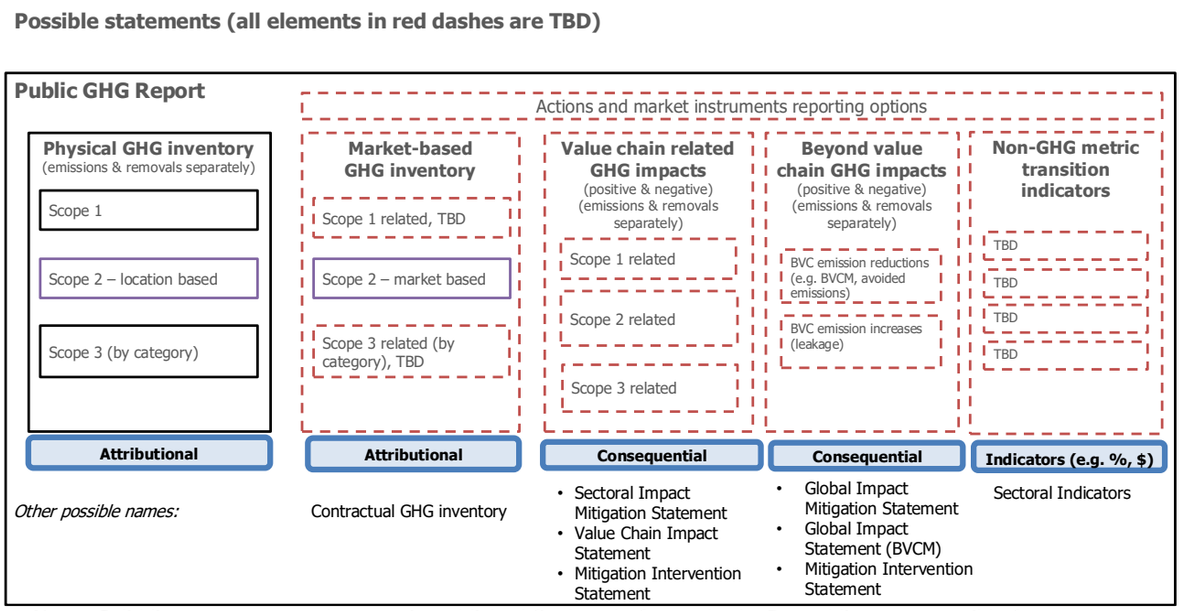
Options for statements to be included in a GHG Report include:

1. Physical GHG Inventory
2. Market-based GHG Inventory (TBD)
3. Value chain related GHG impacts (TBD)
4. Beyond value chain GHG impacts (TBD)
5. Non-GHG metric transition indicators (TBD)

These possible statements are outlined in figure 4. The inclusion of any or some of these new statements in a GHG report remains under consideration. The details of the possible statements are intended to be illustrative and are subject to change.

Frameworks for specific proposed combinations of statements into a comprehensive reporting structure will be explored and evaluated in Annex A. Possible options for combinations of statements are included in figure 5.

Figure 4. Reporting statement options under consideration



Notes: Solid lines are current elements in published final or draft standards. Dotted lines are possible future elements for discussion (TBD and subject to change). Colors represent which reporting elements are being addressed by different GHG Protocol workstreams/standards.

Figure 5. Possible options for combinations of statements under consideration

Options for combinations (number of statements)	Physical GHG inventory	Market-based GHG inventory	Value chain related GHG impacts	Beyond value chain GHG impacts	Non-GHG metric transition indicators
A (5)	■	■	■	■	■
B (4)	■	■	■	■	
C (4)	■		■	■	■
D (3)	■		■	■	
E (3)	■		One combined GHG impact or mitigation intervention statement		■
F (2)	■		One combined GHG impact or mitigation intervention statement		
G: Other?					

Note: In Options C, D, E, F, scope 2 market-based method retained as part of scope 2 inventory.

Section 8: Questions to TWG Members

1. Does figure 4 appropriately reflect the various options for statements to be considered? (Further details of each are provided in section 9).
2. Does figure 5 appropriately reflect the various combinations of statements to be considered? (Further details of each are provided in section 9).

The question of which statements should be included in a GHG report, and other related questions, will be addressed in Annex A.

9 Accounting and reporting specifications for each possible statement

The purpose of this section is to define and differentiate each possible statement to inform the decision of which statements should be included in a GHG report. For statements that are included, the specifications are also needed to define the accounting and reporting requirements.

Table 2 provides the following specifications for each possible statement:

1. Definition and purpose
    A. Definition
    B. Purpose
    C. Limitations
    D. Intended/supported claims
    E. Unit of measure
    F. Unit of analysis (e.g. entity, action or product)
    G. Types of actions and market instruments that could be reflected in the statements, subject to future additional design and eligibility criteria
    H. Examples of actions and market instruments that could be reflected in the statements, subject to future additional design and eligibility criteria
2. Method
    A. Accounting method
    B. Calculation method(s)
    C. Baseline
    D. Emission factors
    E. Traceability
    F. Aggregation and disaggregation
    G. Reference point for tracking progress
3. Boundaries
    A. Which activities are quantified and reported?
    B. Activity boundary
    C. GHG assessment boundary
    D. Time boundary (ex-ante vs ex-post and annual or multiyear)
    E. Action/market instrument time period
4. Quality criteria and safeguards
    A. Principles
    B. Eligibility criteria to report in a given statement
    C. Quality criteria and safeguards
    D. Methods for operationalizing additionality (or causality/impact)
    E. Methods for operationalizing other quality criteria
    F. Avoidance of inappropriate double counting
    G. Assurance/verification
5. Reporting
    A. Reporting structure
    B. Reporting requirements
6. Key references
    A. GHG Protocol relevant standards and guidance
    B. Relevant external initiatives and resources
7. Key questions for TWG (in addition to review of other elements)

Table 2. Accounting and reporting specifications for each possible statement

GHG accounting and reporting element	1. Physical GHG inventory	Possible new statements to report impacts of actions and market instruments [in a GHG action / mitigation / impact / intervention report]			
		2. Market-based GHG inventory (TBD)	3. Value chain related GHG impacts (TBD)	4. Beyond value chain GHG impacts (TBD)	5. Non-GHG metric transition indicators (TBD)
1) Definition and purpose					
A. Definition	An inventory of scope 1, scope 2, and scope 3 GHG emissions and removals occurring within the reporting company's operations and value chain using inventory accounting methods, without double counting by the same entity, and independent of any GHG trades such as purchases or sales of allowances, offsets, and credits (Land Sector and Removals Standard)	Options: • An inventory of GHG emissions and removals calculated using contractual or residual emission factors (similar to scope 2 market based inventory) • An inventory of GHG emissions emitted by the generators from which the reporting company contractually purchases products or contractual instruments • "An optional statement that reports a company's GHG emissions as reported in the GHG Physical Inventory Statement, adjusted by any qualified reductions or removals from market-based instruments (e.g., renewable energy certificates, sustainable aviation fuel certificates). This statement may be used in lieu of or in addition to the GHG Physical Inventory Statement to report inventory emissions, if allowed by the relevant	Options: • Quantified GHG impacts of actions implemented by the reporting company within its operations or value chain which are not reported in other statements (e.g. not reflected in the physical GHG inventory due to data/methods used) • Quantified GHG impacts of actions implemented by the reporting company within its operations or value chain	Options: • Quantified GHG impacts of actions implemented by the reporting company outside its value chain which are not reported in other statements • Quantified GHG impacts of actions implemented by the reporting company outside its value chain	A standardized reporting structure for various decision-relevant and decarbonization-relevant metrics and indicators such as financing contributions to mitigation, percentage of procurement or products sold that meet defined criteria, intensity metrics, or other key performance indicators

		target-setting or disclosure policy." (TCAT) • Other			
B. Purpose	• Provides a comprehensive accounting and disclosure of an organization's annual GHG emissions • Provides information on the sources of emissions (including hot spots to inform mitigation action) and trends over time • Inform mitigation actions by identifying emission reduction opportunities that reduce activity data or emission factors • Used as a basis for setting targets and tracking progress over time (subject to decisions by target setting program rules) • Foundation for the ecosystem of corporate GHG accounting, reporting and target setting	• Provides a comprehensive accounting and disclosure of an organization's annual GHG emissions based on contractual and residual emission factors • Provides information on the sources of emissions (including hot spots to inform mitigation action) and trends over time based on contractual and residual emission factors • Used for tracking against targets (if instruments are eligible under target setting program rules) • Can be used to influence the decarbonization of relevant emissions sources and industries through contractual relationships to emission rates and highlight areas where a company can reduce emissions through contractual investments	• Provides quantification of outcomes of corporate actions on climate mitigation within value chain • Project or consequential method is best suited to understand GHG reduction impacts of individual actions taken and to inform decision-making on which actions to undertake • Used for tracking against targets (if instruments are eligible under target setting program rules)	• Provides quantification of outcomes of corporate actions on climate mitigation outside value chain • Used for tracking against targets (if instruments are eligible under target setting program rules) • Beyond value chain mitigation enables companies to report on efforts to 'deliver additional near-term mitigation outcomes to achieve the peaking of global emissions in the mid-2020s and the halving of emissions by 2030 through driving additional finance into the scale-up of nascent climate solutions and enabling activities to unlock the systemic transformation needed to achieve net zero by mid-century globally.' (SBTi)	Provide simple, easy to measure, easy to communicate key performance indicators that are decision-relevant and decarbonization-relevant and can be used to track performance without more complex GHG quantification
C. Limitations	• Does not explain why emissions change over time • May not reveal the impacts of individual actions taken • Does not capture all climate impacts from company activities, since impacts can occur outside of the inventory	• "Market-based inventory approaches do not improve the technical accuracy of physical GHG inventory accounting. They instead substitute physical inventory estimates with claims based on purely financial transactions for claimed energy	• Does not provide a comprehensive assessment of corporate footprint • Not directly fungible with emissions quantified in an inventory (absent programmatic policy decisions)	• Does not provide a comprehensive assessment of corporate footprint • Not directly fungible with emissions quantified in an inventory (absent programmatic policy decisions)	Not denominated in units of GHG emissions

		and/or environmental attributes." (GHGMI)
		• "Market based approaches do not result in the expected effect of additional mitigation action" (GHGMI)
		• Limitations in applying market-based accounting to Scope 3:
		  ○ Scope 3 categories have various accounting boundaries, such as cradle to gate or only fuel combustion, which may be mismatched to the accounting boundary of an intervention (whereas scope 2 instruments and scope 2 location-based inventories both account for emissions only at the electricity generation stage)
		  ○ Scope 3 encompasses many different types of diverse categories and activities, adding accounting complexities
		  ○ Scope 3 related EACs are not designed to result in zero emissions, but instead lower emissions than an alternative, which would be challenging to relate to a scope 3 inventory
		• Safeguards and mechanisms required to avoid double counting
			• Safeguards and mechanisms required to avoid double counting	• Safeguards and mechanisms required to avoid double counting	

		• Not directly fungible with emissions quantified in a physical GHG inventory (absent programmatic policy decisions)			
D. Intended/supported claims	TBD	TBD	GHG emissions avoided, reduced or removed due to actions taken by the reporting company within their value chain	GHG emissions avoided, reduced or removed due to actions taken by the reporting company outside of their value chain	Progress made in improving sectoral transition KPIs, achieving transition KPI targets, other claims from within or outside the reporting company's value chain reported in metrics other than GHG emissions such as financing claims, contribution claims, etc.
E. Unit of measure	GHG emissions and removals (t CO_2e)	GHG emissions and removals (t CO_2e)	Change in GHG emissions, such as emission reductions or enhanced removals (t CO_2e)	Change in GHG emissions, such as emission reductions or enhanced removals (t CO_2e)	Various (e.g. $, €, ha, % values, intensity ratios)
F. Unit of analysis (e.g. entity, action or product)	Entity (company or organization)	Entity (company or organization)	• Action (e.g. discrete project, intervention, investment, etc.) implemented in the value chain by the reporting company • Products purchased and/or sold (all or partial?) by the reporting company	Action (e.g. discrete project, intervention, investment, etc.) implemented by the reporting company that are outside of reporting company's value chain	Entity-level metrics and indicators
G. Types of actions and market instruments that could be reflected in the statements, subject to future additional design and eligibility criteria	Actions that reduce scope 1-2-3 emissions by reducing activity data and/or emission factors used to calculate physical inventory emissions Chain of custody models that establish physical traceability to the reporting company	Market instruments, contractual mechanisms and chain of custody models that are related to the reporting company's value chain but do not establish physical traceability	Actions, market instruments, contractual mechanisms and chain of custody models that are related to the reporting company's value chain but do not establish physical traceability	Actions, market instruments, contractual mechanisms and chain of custody models that are outside the value chain of the reporting company	
H. Examples of actions and market instruments that could be reflected in the	• Reduce energy consumption through energy efficiency projects at reporting company or supplier facilities	• Market instruments, contractual mechanisms and chain of custody models that are related to the reporting	• Emission reduction projects and removal enhancement projects within the value chain • Value chain interventions	• Emission reduction projects and removal enhancement projects outside the value chain	• Percentage of materials procured or products sold that are zero/low

statements, subject to future additional design and eligibility criteria	• Install on-site renewable energy generation • Reduce transportation emissions • Shift procurement to low carbon materials • Shift product portfolio toward selling low carbon products • Other (e.g. see Scope 3 Standard, table 9.7) (Chain of custody models addressed in traceability row below)	company's value chain but do not establish physical traceability (e.g. mass balance certificates? book-and-claim certificates within the value chain?)	• Carbon credits from activities within the value chain (e.g. inset credits) • Market instruments, contractual mechanisms and chain of custody models that are related to the reporting company's value chain but do not establish physical traceability (e.g. mass balance certificates? book-and-claim certificates within the value chain?) • Avoided emissions from the use of sold products • Avoided emissions from procurement of renewable energy (e.g. marginal impact method proposal from scope 2 consequential subgroup) • Leakage (GHG increases occurring outside the inventory boundary as a result of actions taken within the value chain)	• Carbon credits from activities outside the value chain (e.g. offset credits) • Financing of projects beyond the value chain • Market instruments, contractual mechanisms and chain of custody models that are outside the value chain of the reporting company (e.g. book and claim certificates outside the value chain?) • Avoided emissions beyond the value chain • Leakage	carbon or meet defined criteria • % metrics • Intensity metrics • Renewable energy purchases • Electricity use • Land occupation • Financial contribution ($, €, etc.) to actions beyond the company's value chain with an expected climate mitigation outcome (SBTi's BVCM contribution claim)
2) Method					
A. Accounting method	Attributional Attributional (or inventory) accounting methods quantify GHG emissions and removals within a defined inventory boundary and track emissions and removals over time relative to a historical base year	Attributional Attributional (or inventory) accounting methods quantify GHG emissions and removals within a defined inventory boundary and track emissions and removals over time relative to a historical base year	Consequential Consequential accounting methods quantify impacts on GHG emissions or removals of specific projects, actions, or interventions by estimating changes in GHG emissions relative to a baseline	Consequential Consequential accounting methods quantify impacts on GHG emissions or removals of specific projects, actions, or interventions by estimating changes in GHG emissions relative to a baseline	Indicator tracking

B. Calculation method(s)	Inventory method: activity data x average emission factor = GHG emissions Accounts for average emissions from a shared pool if the limits of physical traceability cannot exceed that shared pool.	Options: • Inventory method: activity data x contractual (or residual) emission factor = GHG emissions • Accounts for contractual (or residual) emissions from a shared pool. • "Inventory substitution method: attributional accounting that supports substitution of inventory emissions factors with those reflecting lower-carbon alternatives" (TCAT) • AIM's calculation approaches (substitution, enhanced substitution, activity estimation) employ a simple formula of attributional accounting (activity data x emissions intensity factor), which are appropriate for product intervention • AIM's substitution approach to accounting (used when the intervention product type very closely matches the product in company's inventory) involves replacement of the emission profile of an inventory component or subcomponent in a company's emission report with the emission profile of an intervention associated with that inventory component or subcomponent (as conveyed	Options: 1) Project or intervention accounting methods, which estimate the systemwide GHG impacts of an action relative to a counterfactual baseline scenario in which the action did not occur (quantified difference between emissions in the project/action scenario and emissions in the most likely counterfactual baseline scenario, taking into account systemwide effects) 2) Value Change Intervention method 3) Aggregate GHG impact of an overall EAC market for each year, divided by the share of EACs of that year's vintage a given company holds (GHGMI) 4) "Program-specific accounting – if detailed intervention accounting approaches have been developed for some sector specific programs (e.g. SAFc Emissions Accounting and Reporting Guidelines (World Economic Forum, 24 2022)), companies may use that program-specific approach to accounting." (AIM) 5) Other options? For guidance on applying project/intervention accounting methods, refer to the Land Sector and Removals Guidance (Chapter	Same as for value chain related GHG impacts	Indicator tracking

		through a project intervention record). • AIM enhanced substitution approach (used when the intervention product type does not perfectly match the product in company's inventory) involves calculating the difference between the baseline emission intensity and the intervention intensity, adjusting the emission intensity for the inventory (sub)component, and then applying the adjusted emission intensity to the amount of activity represented by the product intervention record(s) to calculate new total emissions • AIM activity estimation approach (used when the activity data for inventory items is not available) involves estimating activity levels for the relevant inventory components (by intervention baseline method or unit cost method), and then applying the intervention emissions outcomes to those estimates.	16), GHG Protocol for Project Accounting (2005), GHG Protocol Policy and Action Standard (2014), ISO 14064-2:2018, CDM methodologies, and other project level quantification methodologies.		
C. Baseline	N/A (emissions tracked over time relative to base year emissions)	N/A (emissions tracked over time relative to base year emissions)	• Option 1: Counterfactual baseline scenario representing the conditions most likely to occur in the absence of the project or action	Same as for value chain related GHG impacts	Base year value and/or reference level for each indicator

			○ "A specific technology, practice, or management regime. This approach defines a discrete activity that would likely not have been adopted without the mitigation action, based on: ▪ Continuation of a historical activity or trend; or ▪ Adoption of a specific alternative technology, practice, or regime" (TCAT) • Option 2: Performance standard ○ "A performance benchmark or standard. This baseline is defined using an emissions intensity or performance threshold (TCAT) ○ For product interventions, options presented for matching baseline intensity and intensity of activity: 1) asset and operational level matching, 2) targeted average matching (AIM) ○ For product interventions, "companies might contract for the purchase of interventions for a term over which the product intervention baseline intensity change – in these situations, companies shall adjust the intervention baseline at least every five		

			years, or more frequently if changes occur that materially impact the baseline at less than a five-year interval." (AIM) • Option 3: historical reference point (before/after comparison) • Other options		
D. Emission factors	• Directly measured or supplier-specific emission factors, when available • Average emission factors from shared activity pool	Where physical traceability is established: • Directly measured or supplier-specific emission factors, when available • Average emission factors from shared activity pool Where physical traceability is not established: • Contractually specific emission factors • Residual emission factors	• Option 1: Activity-associated emission factor • Option 2: Marginal emission factors (when available)	Same as for value chain related GHG impacts	Not needed
E. Traceability	Allows certain chain-of-custody models if they meet the physical traceability definition (e.g. identity preserved)	• Chain of custody models that are related to the reporting company's value chain but do not establish physical traceability (e.g. mass balance certificates? book-and-claim certificates within the value chain?)	• Chain of custody models that are related to the reporting company's value chain but do not establish physical traceability (e.g. mass balance certificates? book-and-claim certificates within the value chain?) • Impact traceability	No traceability to the reporting company's value chain	
F. Aggregation and disaggregation	• GHG emissions required to be separately reported by scope and scope 3 category; emissions and removals required to be reported separately	• GHG emissions required to be separately reported by scope and scope 3 category; emissions and removals required to be reported separately	Key question: how should quantified GHG impacts of actions be aggregated and/or disaggregated? • Using consequential accounting for all mitigation interventions,	Key question: how should quantified GHG impacts of actions be aggregated and/or disaggregated? • Using consequential accounting for all mitigation interventions,	Each indicator reported separately

	• GHG emissions can be aggregated at the level of a target boundary to be tracked over time (choice of target boundary is a target setting decision)	• GHG emissions can be aggregated at the level of a target boundary to be tracked over time (choice of target boundary is a target setting decision)	all impacts across interventions can be aggregated and tracked against the aggregate corporate contribution goals (GHGMI)	all impacts across interventions can be aggregated and tracked against the aggregate corporate contribution goals (GHGMI)	
G. Reference point for tracking progress	Annual time series of emissions and removals relative to base year emissions and removals	Annual time series of emissions and removals relative to base year emissions and removals	Options: 1) no reference point 2) physical GHG inventory emissions 3) induced emissions (using marginal emission factors) 4) other		Annual time series of each indicator relative to base year value, target year value, reference level if applicable
3) Boundaries					
A. Which activities are quantified and reported?	All activities in a company's operations and value chain occurring in the reporting year that result in scope 1, scope 2 and scope 3 emissions (according to definitions of organizational boundaries, operational boundaries, and scope 3 category definitions)	All activities in a company's operations and value chain occurring in the reporting year that result in scope 1, scope 2 and scope 3 emissions (according to definitions of organizational boundaries, operational boundaries, and scope 3 category definitions)	Companies should evaluate all major actions expected to have significant impacts on climate change not captured in the GHG inventory, including mitigation actions intended to reduce emissions/increase removals, as well as other actions that have negative or mixed impacts emissions/removals. AIM's association test can be used to determine if an intervention is associated with a company's value chain: • "Identify and quantify components and subcomponents of a company's GHG inventory • Basic association test – demonstrate that the intervention addresses a	Companies should evaluate all major actions expected to have significant impacts on climate change not captured in the GHG inventory, including mitigation actions intended to reduce emissions/increase removals, as well as other actions that have negative or mixed impacts emissions/removals.	

			component of the company's GHG inventory • Further association test – demonstrate that the intervention meets the requirements of one of the 3 testing methods (known supplier or customer method, sourcing and use region method, hard-to-abate sector method)" (AIM)		
B. Activity boundary	Activities occurring within the GHG inventory boundary (scope 1, scope 2, scope 3)	• Activities occurring within the GHG inventory boundary (scope 1, scope 2, scope 3) • Value chain associated activity = "A GHG-related activity that is physically or economically linked to a company's operations and performs the same function as, or is a known input for or output of, a GHG-emitting activity in the company's inventory." (TCAT)	• Activities occurring [within/related to/associated with] the value chain of the reporting company • Value chain associated activity = "A GHG-related activity that is physically or economically linked to a company's operations and performs the same function as, or is a known input for or output of, a GHG-emitting activity in the company's inventory." (TCAT)	• Activities occurring beyond the value chain of the reporting company • "A GHG-related activity that is **not** physically or economically linked to a company's operations but that results in a measurable, verifiable, and additional mitigation outcome" (TCAT)	Varies
C. GHG assessment boundary	• Emissions occurring within the GHG inventory boundary (scope 1, scope 2, scope 3)	• Emissions occurring within the GHG inventory boundary (scope 1, scope 2, scope 3)	• Option 1: Global/systemwide positive and negative GHG impacts (subject to significance threshold). Impacts may include direct/primary impacts as well as indirect/secondary impacts (if significant) such as life cycle impacts, avoided emissions, leakage, market-mediated (e.g. substitution and displacement) effects, and other impacts of actions that may fall beyond the boundaries of the reporting company's GHG inventory.	• Option 1: Global/systemwide positive and negative GHG impacts (subject to significance threshold) • Other options?	Varies

			• Other options?		
D. Time boundary (ex-ante vs ex-post and annual or multiyear)	• Annual reporting of emissions resulting from activities that occurred in the reporting year	• Annual reporting of emissions resulting from activities that occurred in the reporting year	• Option 1: Annual change in GHG emissions occurring in the reporting year quantified ex-post • Option 2: "Quantification of emission reductions and removals may be done ex-post or ex-ante. ○ "Ex-post. Emission reductions or removals are quantified by comparing emissions determined using actual (after-the-fact) measurements and monitoring data – to projected baseline emissions. Where relevant, ex post measurements may also be used to calibrate baseline emission/removal estimates (so called "dynamic baseline approaches")." (TCAT) ○ "Ex ante. Emission reductions or removals are quantified before a mitigation action is implemented, by estimating future actual emissions/removals and comparing these to projected baseline emissions/removals. Ex ante projections should only be used to estimate future emissions impact and should not be used to make	Same as for value chain related GHG impacts	

			inventory adjustments or mitigation outcome claims." (TCAT) • Other options?		
E. Action/market instrument time period	• GHG-related activity occurs within 24 months of inventory activity's reporting period, or within 5 years of inventory activity's reporting period with adequate reasoning provided (TCAT)	• GHG-related activity occurs within 24 months of inventory activity's reporting period, or within 5 years of inventory activity's reporting period with adequate reasoning provided (TCAT)	Options: • Intervention outcomes should be claimed as soon as possible after record creation (AIM) • Emissions profiles or emission reductions shall either be registered in a third-party registry or otherwise transparently allocated/recorded as soon as possible and no later than 24 months of mitigation occurring (e.g., good production or service provision). The emissions profile or emission reductions shall then also be claimed and reported against emissions in an inventory year that is within 24 months of the date of registration or allocation/recording. If these deadlines cannot be met, the circumstances that prevent adherence to this criterion shall be transparently disclosed in an emissions report. (AIM) • GHG-related activity occurs within 24 months of inventory activity's reporting period, or within 5 years of inventory activity's reporting period with		

			adequate reasoning provided (TCAT)		
4) Quality criteria and safeguards					
A. Principles	Accuracy, completeness, consistency, relevance, transparency, conservativeness (for removals), permanence (for removals) [updates are being considered in the Corporate Standard TWG]	Accuracy, completeness, consistency, relevance, transparency, conservativeness (TBD), permanence (for removals)	Accuracy, completeness, consistency, relevance, transparency, conservativeness, permanence (for removals)	Accuracy, completeness, consistency, relevance, transparency, conservativeness, permanence (for removals)	
B. Eligibility criteria to report in a given statement		Quality criteria TBD for market-based instruments TCAT: • Sector Association Test: Sector Associated • Inventory Alignment Test: Inventory Aligned • Accounting Expression Criteria: Emission Profile	• TCAT: Required use of Mitigation action test – "This test determines if an activity results in a measurable, additional, verifiable, and attributable reduction or removal of greenhouse gases from the atmosphere" • AIM's association test can be used to determine if an intervention is associated with a company's value chain: ○ Identify and quantify components and subcomponents of a company's GHG inventory ○ Basic association test – demonstrate that the intervention addresses a component of the company's GHG inventory ○ Further association test – demonstrate that the intervention meets the requirements of one of the 3	• TCAT: Required use of Mitigation action test – "This test determines if an activity results in a measurable, additional, verifiable, and attributable reduction or removal of greenhouse gases from the atmosphere" (TCAT) • AIM: "Following the AIM reporting structure, companies shall report interventions that exceed value chain activity separately as beyond value chain mitigation, within a fourth ledger" (AIM)	

			testing methods (known supplier or customer method, sourcing and use region method, hard-to-abate sector method) ○ Further association testing methods can also be considered as quality criteria (i.e., hard-to-abate sector method has specific requirements around the type of technology as well as technology that meets market penetration rate, and decarbonization potential threshold) • AIM: "Interventions need to be normalized so that their effect is quantified on a per unit basis and the aggregate impact cannot exceed the sum of per-unit impacts applied to the total number of units an organization has purchased/consumed."		
C. Quality criteria and safeguards	N/A for emissions (removals have additional requirements)	Options: • Physically deliverable • Time-matched • Unique claims; No double counting between entities reporting market-based emissions (including through required use of residual emission factors) • Instrument retired • AIM Quality Criteria ○ "Assure outcomes and other impacts;	Additionality, credible baselines, permanence, mitigate leakage, unique issuance and claiming, regular monitoring, independent validation and verification, GHG program governance, no net harm (Land Sector and Removals Standard)	Same as for value chain related GHG impacts	Varies

		○ Accurate emissions outcome; ○ Stakeholder engagement and social and environmental safeguards; ○ Regulatory surplus; ○ System of record; ○ Intervention record information; ○ Record creation timing" (AIM) • Other options TBD			
D. Methods for operationalizing additionality (or causality/impact)	N/A	N/A	Options include: 1. TCAT additionality tests: "A) Is the mitigation beyond what is required by any enforced legal obligation? B) Was the intent to generate mitigation outcomes documented before the activity started? C) Was eligibility and additionality validated before registration or crediting? D) Was at least one structured additionality analysis conducted and passed?" • D1) Investment analysis (The project is financially unattractive without mitigation incentives) • D2) Barrier analysis (Barriers to implementation were real and mitigation incentives addressed them.)	Same as for value chain related GHG impacts	

			• D3) Common practice analysis (The project type is uncommon in the sector/region) • D4) Benchmark analysis (Emission performance is better than a sector-specific threshold.)" 2. UNFCCC Article 6.4 Draft Standard 3. ICVCM Core Carbon Principles 4. AIM Platform Draft Quality Criteria 5. Other Role of GHG programs in defining more specific rules for additionality		
E. Methods for operationalizing other quality criteria		TBD (Phase 2) Role of GHG programs in defining more specific rules for additionality	TBD (Phase 2) Role of GHG programs in defining more specific rules	TBD (Phase 2) Role of GHG programs in defining more specific rules	
F. Avoidance of inappropriate double counting (e.g. within a single statement, between statements (TBD), between reporting entities, etc.)	No double counting of emissions and removals within a single GHG inventory. Scope 1, scope 2, and scope 3 (and scope 3 categories) are mutually exclusive for the reporting company, such that there is no double counting of emissions between the scopes. If GHG reductions take on a monetary value or receive credit in a GHG reduction program, companies shall avoid double counting of credits from such reductions. To avoid double crediting, companies should	Required avoidance of double counting, including through • Registries for issuance, tracking, and retirement to ensure unique claims • Development and required use of residual emission factors by all actors in the system • Proportional allocation of publicly funded/supported/ mandated emission rates (concept of standard supply service for scope 2)	Required avoidance of double counting, including through • registries for issuance, tracking, and retirement to ensure unique claims • adjustments for issued/sold credits when accounting for progress toward GHG targets for any credits used for compensation or offsetting claims (avoidance of double counting not needed for contribution claims) • Further detail in Land Sector and Removals Standard, chapter 18	Required avoidance of double counting, including through • registries for issuance, tracking, and retirement to ensure unique claims • adjustments for issued/sold credits when accounting for progress toward GHG targets for any credits used for compensation or offsetting claims (avoidance of double counting not needed for contribution claims) Further detail in Land Sector and Removals Standard, chapter 18	

	specify exclusive ownership of reductions through contractual agreements.		Options: • "The organization reporting the intervention results shall own the emissions profile or emissions reductions associated with the intervention or must have been allocated the emissions profile or emissions reductions associated with the intervention. Multiple organizations may claim the same emissions profile and/or emission reductions resulting from a value chain intervention provided that an equivalent quantity of an overlapping value chain component would have been included in each organization's emission report. In order to report the results of an intervention, however, the organization shall own the emissions profile or emissions reductions or shall have been allocated the right to claim and report it by the organization who owns the emissions profile or emissions reductions. This criterion authorizes appropriate double-claiming or "co-claiming" of an emissions profile or emission reduction across a value chain. The ability to co-claim emissions profiles or emission reductions within a value chain reflects the nature of Scope 3 inventories, which themselves reflect shared		

			responsibility for the same emissions up and down stream." (AIM) • "Companies cannot pass on the lower emission profile or emission reduction value to their supplier or customer if not explicitly told they can do so to prevent double counting where a unique right to claim has been separately given to a different company for another value chain layer. The intervention host shall not disclose the intervention outcomes such that their other customers or suppliers can use this data as input to their own emissions reporting, because they may enable duplicative co-claiming within a given value chain layer, or double claiming." (AIM)		
G. Assurance/verification	Pending Corporate Standard TWG	TBD	Required	Required	Varies
5) Reporting					
A. Reporting structure	Scope 1, scope 2, scope 3 (separately by scope 3 category); emissions and removals separately reported (Requirements for disaggregation of scope 1, scope 2 and scope 3 emissions by level of specificity are being developed by the Corporate Standard and Scope 3 TWG)	Scope 1, scope 2, scope 3 (separately by scope 3 category); emissions and removals separately reported (separately from physical inventory)	Reporting structure and format for reporting GHG impacts of actions is TBD. Options include: 1. Single category 2. Within value chain / beyond value chain 3. Scope 1 related / scope 2 related / scope 3 related 4. Scope 1 related / scope 2 related / scope 3 related / beyond value	TBD. Options include: Beyond value chain emission reductions (e.g. avoided emissions, beyond value chain mitigation) Beyond value chain emission increases (e.g. leakage) Positive and negative actions and impacts reported	Separately by metric/ indicator

			chain [if combined with beyond value chain statement] 5. By sector (electricity, transportation, etc.) 6. Other Positive and negative actions and impacts reported Emissions and removals separately reported	Emissions and removals separately reported	
B. Reporting requirements	•	• Quality criteria of contractual instruments • Others TBD	• If companies estimate and report the GHG impacts of specific actions separately from the physical inventory, they shall report the data sources, methods and assumptions used to quantify the impact(s) of the evaluated action(s), the assessment boundary, the assessment time period, whether it is an ex-ante and/or ex-post assessment, and whether the results have been third-party verified. (Land Sector and Removals Standard, chapter 16) • For credits: required detailed reporting of credits, methodology, etc. (Land Sector and Removals Standard, chapter 18; other sources) • Companies shall disclose a list of interventions accounted for in their inventory, the GHG inventory (sub)component associated with each intervention, and the accounting	Same as for value chain related GHG impacts	•

			approach applied in calculating the emission profile of each intervention (AIM)		
6) Key references					
A. GHG Protocol relevant standards and guidance	• Corporate Standard (e.g. Chapter 8)	• Scope 2 Guidance (including updates currently being developed through Scope 2 TWG)	• Project Protocol • Policy and Action Standard • Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects • Land Use, Land-Use Change, and Forestry (LULUCF) Guidance for GHG Project Accounting • Land Sector and Removals Standard and Guidance[10] • Scope 2 TWG consequential subgroup outputs	• Project Protocol • Policy and Action Standard • Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects • Land Use, Land-Use Change, and Forestry (LULUCF) Guidance for GHG Project Accounting • Land Sector and Removals Standard and Guidance[10] • Scope 2 TWG consequential subgroup outputs (TBD)	• Land Sector and Removals Standard additional accounting categories • Policy and Action Standard (Ch 10: Monitoring Performance Indicators)
B. Relevant external initiatives and resources	• SBTi Corporate Net Zero Standard 2.0 (direct mitigation) • ISEAL Chain of Custody models (that establish physical traceability) • Land Sector and Removals Standard	• SBTi Corporate Net Zero Standard 2.0 • ISEAL Chain of Custody models • TCAT • AIM Platform • GHGMI	• ISO 14064:2 (project quantification) • SBTi Corporate Net Zero Standard 2.0 (indirect mitigation) • ISEAL Chain of Custody models (that are value chain related but do not establish physical traceability) • TCAT • AIM Platform • GHGMI	• ISO 14064:2 (project quantification) • SBTi Corporate Net Zero Standard 2.0 (BVCM) and BVCM Guidance • TCAT • ICVCM • VCMI • ISEAL Chain of Custody models (that are beyond the value chain) • WBCSD Avoided Emissions Guidance • GHGMI	• SBTi Corporate Net Zero Standard 2.0 (target setting indicators) • GHGMI

[10] Ch 5 (interim traceability guidelines), Ch 16 (Evaluating the impact of actions), Ch 17 (target setting), Ch 18 (accounting for credited emission reductions and removals)

7) Key questions for TWG (in addition to review of other elements)					
Key questions for TWG (in addition to review of other elements)	1.1 Which chain of custody models establish physical traceability?	2.1 What is the need/value add of this statement in relation to the physical GHG inventory and GHG impact of actions statements? Is the purpose of a contractual inventory distinct and complementary relative to a physical inventory and impact statements? 2.2 What chain of custody models do not establish physical traceability? 2.3 How can this method include the lessons learned and avoid the challenges and critiques of the original scope 2 market-based method? 2.4 Can the latest updates to the scope 2 market based method (e.g. hourly matching, deliverability) be applied to other sectors? 2.5 Can residual emission factors be developed and mandatorily used by all actors to avoid double counting? 2.6 Is it appropriate to have a scope 1 category in a market-based GHG statement given that scope 1 emissions are direct emissions? 2.7 What type of instruments are eligible to be reported in this statement? How much of the instruments are eligible? (e.g.	3.1 Should this statement be combined with beyond value chain GHG impacts? Should GHG impacts that are within and beyond the value chain be in one statement (with each separated) or two statements? 3.2 How should 'value chain' be defined? Should 'value chain' be defined such that the physical GHG inventory boundary corresponds to 'value chain' or defined in a broader manner? 3.4 Which chain of custody models are value chain related but do not establish physical traceability? 3.5 Does avoided emissions from use of sold products fit in this statement or beyond value chain GHG impacts? 3.6 What reporting structure should be used (see options above)? 3.7 What is the unit of analysis? 3.8 How should additionality be operationalized? 3.9 What baseline(s) should be used? 3.10 How should quantified GHG impacts of multiple actions be aggregated and/or disaggregated? 3.11 What safeguards are needed to define and standardize baseline selection?	4.1 Should this statement be combined with value chain related GHG impacts? Should 'value chain related GHG impacts' and 'beyond value chain GHG impacts' be separate statements or combined into a single 'GHG impacts of actions' 'mitigation interventions' or 'impact statement' (disaggregated by within value chain and beyond value chain categories)? 4.2 Which chain of custody models are beyond the value chain? 4.3 What reporting structure should be used? 4.4 How should additionality be operationalized? 4.5 What baseline(s) should be used? 4.6 What calculation method(s) should be used? 4.7 Should GHG impacts that occur outside the value chain boundary as a result of actions taken within the value chain boundary be reported as "beyond value chain" impacts?	5.

		no more than the unit of activity) 2.8 Should double claiming be avoided between a company purchasing a physical product and a company purchasing an EAC from the same product if they are unbundled? Should there be co-claiming and if so how should co-claiming be reported (e.g., for unbundled mechanisms, what can the physical offtaker report/claim in their inventory and what can the EAC offtaker claim)?	3.12 What calculation method(s) should be used? 3.13 What type of instruments are eligible to be reported in this statement? How much of the instruments are eligible? (e.g. no more than the unit of activity) 3.14 Should double claiming be avoided between a company purchasing a physical product and a company purchasing an EAC from the same product if they are unbundled? Should there be co-claiming and if so how should co-claiming be reported (e.g., for unbundled mechanisms, what can the physical offtaker report/claim in their inventory and what can the EAC offtaker claim)?		

Annex A. Options analysis to inform GHG reporting structure and accounting and reporting requirements

Comparison of options using GHG Protocol decision-making criteria

To be developed

Examples of key questions for TWG discussions:

1. Which of the possible statements (outlined in section 9 and 10) should be included in a GHG report? Are all of the possible statements necessary or can fewer statements achieve the same objectives with less complexity? Which combination of statements best meets the GHG Protocol decision-making criteria?
    a. Is the market-based inventory statement needed or can it be combined with the value chain related GHG impacts statement to report on value chain related actions and market instruments? If it is needed, why?
    b. Are separate statements needed for within value chain vs. beyond value chain impacts? If so, how can we clearly define which impacts/actions fall within value chain vs. beyond value chain?
2. Should statements be mutually exclusive, such that no reported emission or impact appears in more than one statement?
3. For market instruments that could be theoretically reported in more than one statement (e.g. book and claim certificates), should there only be one available statement to report a given type of market instrument? If more than one statement is developed to report on a single type of market instrument, how could confusion be avoided and how could companies be guided to report a given action/instrument in the most suitable statement?
4. How can eligibility criteria be defined such that actions, market instruments and claims are only reported if they have sufficient credibility/integrity?
5. [Additional questions to be added]

Annex B: AMI Scope of Work from Standard Development Plan

A. Standardizing relevant terms, concepts, and definitions
B. Accounting and reporting objectives and principles
C. The relationship between inventory (attributional) and project/intervention (consequential) accounting and their use in the corporate suite of standards
D. The relevance and appropriate role of quantified impacts of corporate actions and market instruments in relation to the reporting company's organizational boundary and value chain. Including but not limited to:
    i. Emission reduction projects
    ii. Removal enhancement projects
    iii. Value chain interventions
    iv. Systemwide positive and negative impacts of actions, including avoided emissions (e.g. from the use of sold products), leakage, and other types of impacts
    v. Chain-of-custody certification models
    vi. Project-based credits
E. Structure of a corporate GHG emissions report
    i. Disaggregated, transparent reporting
        - Which may include multiple reporting elements such as categories, tables, or statements related to physical inventory emissions, impact reporting, and/or others to be defined
    ii. Definitions, purpose, and limitations of each reporting element
    iii. Appropriate quantification methods
F. Accounting requirements and guidance
    i. Boundaries, criteria, safeguards, etc.
    ii. Traceability requirements and guidance
    iii. Role of programs in defining programmatic rules
G. Reporting requirements and guidance
    i. The relationship between reporting elements and how to interpret a comprehensive GHG emissions report
H. Verification/assurance of emissions reports
I. Guidance to programs and policymakers
    i. Options and guidance for setting target setting rules based on program/policy objectives
        - Such as related to target boundaries, level of ambition, and eligibility of actions or market instruments
    ii. Options and guidance for setting target accounting (or performance accounting) rules for quantifying target progress and achievement, based on program/policy objectives
    iii. Role of programs in making policy decisions on whether and which instruments and actions count toward GHG targets and whether to aggregate or net across reporting categories to determine target progress
        - Including under what conditions, for which sectors, over what time period, etc.
    iv. Role of programs in verification, oversight, and enforcement

Annex C: Precedent in the GHG Protocol Corporate Standard

The following text is from the GHG Protocol Corporate Standard, Chapter 8 (Accounting for GHG reductions):

> "The *GHG Protocol Corporate Standard* focuses on accounting and reporting for GHG emissions at the company or organizational level. Reductions in corporate emissions are calculated by comparing changes in the company's actual emissions inventory over time relative to a base year. Focusing on overall corporate or organizational level emissions has the advantage of helping companies manage their aggregate GHG risks and opportunities more effectively. It also helps focus resources on activities that result in the most cost-effective GHG reductions.
>
> In contrast to corporate accounting, the [*GHG Protocol for Project Accounting]* focuses on the quantification of GHG reductions from GHG mitigation projects that will be used as offsets. Offsets are discrete GHG reductions used to compensate for (i.e., offset) GHG emissions elsewhere, for example to meet a voluntary or mandatory GHG target or cap. Offsets are calculated relative to a baseline that represents a hypothetical scenario for what emissions would have been in the absence of the project.
>
> …
>
> **Project based reductions and offsets/credits**
>
> Project reductions that are to be used as offsets should be quantified using a project quantification method, such as the [*GHG Protocol for Project Accounting],* that addresses the following accounting issues:
>
> - **SELECTION OF A BASELINE SCENARIO AND EMISSION.** The baseline scenario represents what would have happened in the absence of the project. Baseline emissions are the hypothetical emissions associated with this scenario. The selection of a baseline scenario always involves uncertainty because it represents a hypothetical scenario for what would have happened without the project. The project reduction is calculated as the difference between the baseline and project emissions. This differs from the way corporate or organizational reductions are measured in this document, i.e., in relation to an actual historical base year.
> - **DEMONSTRATION OF ADDITIONALITY.** This relates to whether the project has resulted in emission reductions or removals in addition to what would have happened in the absence of the project. If the project reduction is used as an offset, the quantification procedure should address additionality and demonstrate that the project itself is not the baseline and that project emissions are less than baseline emissions. Additionality ensures the integrity of the fixed cap or target for which the offset is used. Each reduction unit from a project used as an offset allows the organization or facility with a cap or target one additional unit of emissions. If the project were going to happen anyway (i.e., is non-additional), global emissions will be higher by the number of reduction units issued to the project.
> - **IDENTIFICATION AND QUANTIFICATION OF RELEVANT SECONDARY EFFECTS.** These are GHG emissions changes resulting from the project not captured by the primary effect(s). Primary effects are the specific GHG reducing elements or activities (reducing GHG emissions, carbon storage, or enhancing GHG removals) that the project is intended to achieve. Secondary effects are typically the small, unintended GHG consequences of a project and include leakage (changes in the availability or quantity of a product or service that results in changes in GHG emissions elsewhere) as well as changes in GHG emissions up- and downstream of

the project. If relevant, secondary effects should be incorporated into the calculation of the project reduction.

- **CONSIDERATION OF REVERSIBILITY.** Some projects achieve reductions in atmospheric carbon dioxide levels by capturing, removing and/or storing carbon or GHGs in biological or non-biological sinks (e.g., forestry, land use management, underground reservoirs). These reductions may be temporary in that the removed carbon dioxide may be returned to the atmosphere at some point in the future through intentional activities or accidental occurrences—such as harvesting of forestland or forest fires, etc. This problem with the temporary nature of GHG reductions is sometimes referred to as the "permanence" issue. The risk of reversibility should be assessed, together with any mitigation or compensation measures included in the project design.
- **AVOIDANCE OF DOUBLE COUNTING.** To avoid double counting, the reductions giving rise to the offset must occur at sources or sinks not included in the target or cap for which the offset is used. Also, if the reductions occur at sources or sinks owned or controlled by someone other than the parties to the project (i.e., they are indirect), the ownership of the reduction should be clarified to avoid double counting.

…

Reporting project based reductions

It is important for companies to report their physical inventory emissions for their chosen inventory boundaries separately and independently of any GHG trades they undertake. GHG trades should be reported in its public GHG report under optional information—either in relation to a target (Corporate Standard, chapter 11) or corporate inventory (see chapter 9). Appropriate information addressing the credibility of purchased or sold offsets or credits should be included. The term "GHG trades" refers to all purchases or sales of allowances, offsets, and credits.

When companies implement internal projects that reduce GHGs from their operations, the resulting reductions are usually captured in their inventory's boundaries. These reductions need not be reported separately unless they are sold, traded externally, or otherwise used as an offset or credit. However, some companies may be able to make changes to their own operations that result in GHG emissions changes at sources not included in their own inventory boundary, or not captured by comparing emissions changes over time. For example:

- Substituting fossil fuel with waste-derived fuel that might otherwise be used as landfill or incinerated without energy recovery. Such substitution may have no direct effect on (or may even increase) a company's own GHG emissions. However, it could result in emissions reductions elsewhere by another organization, e.g., through avoiding landfill gas and fossil fuel use.
- Installing an on-site power generation plant (e.g., a combined heat and power, or CHP, plant) that provides surplus electricity to other companies may increase a company's direct emissions, while displacing the consumption of grid electricity by the companies supplied. Any resulting emissions reductions at the plants where this electricity would have otherwise been produced will not be captured in the inventory of the company installing the on-site plant.
- Substituting purchased grid electricity with an on-site power generation plant (e.g., CHP) may increase a company's direct GHG emissions, while reducing the GHG emissions associated with the generation of grid electricity. Depending

> on the GHG intensity and the supply structure of the electricity grid, this reduction may be over- or underestimated when merely comparing scope 2 emissions over time, if the latter are quantified using an average grid emission factor.
>
> These reductions may be separately quantified, for example using the [*GHG Protocol for Project Accounting],* and reported in a company's public GHG report under optional information in the same way as GHG trades described above."

The Corporate Standard, Chapter 9 (Reporting GHG Emissions) provides requirements and guidance on the elements of a public GHG emissions report. The emissions report includes scope 1, scope 2, and scope 3 emissions, commonly referred to as the GHG inventory, as well as various additional required and optional information to be reported separately, such as project-based GHG reductions and trades of market instruments.

Annex D: References

- GHG Protocol Corporate Standard, Chapter 8 (Accounting for GHG Reductions)
- *GHG Protocol for Project Accounting* (quantifying GHG impacts of mitigation projects)
    - *GHG Protocol Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects* (sector-specific guidance)
    - The Land Use, Land-Use Change, and Forestry (LULUCF) Guidance for GHG Project Accounting (sector-specific guidance)
- GHG Protocol Policy and Action Standard (quantifying GHG impacts of actions larger than projects)
- GHG Protocol Land Sector and Removals Standard and Guidance (forthcoming)
    - Draft: *GHG Protocol Land Sector & Removals Guidance*

External initiatives and resources (not exhaustive):

- AIM Platform. Intervention Quality, Accounting, and Reporting Standard and Guidance, Association Test, and other standards and guidance. Available at: https://aimplatform.org/.
- Task Force for Corporate Action Transparency (TCAT). Mitigation Action Accounting and Reporting Guidance. 2025. Available at: https://www.tcataction.org/guidance-documents.
- SBTi Corporate Net-Zero Standard Version 2.0 Draft. Available at: https://sciencebasedtargets.org/developing-the-net-zero-standard.
- GHG Management Institute (GHGMI). Gillenwater, M., (2025). What is Greenhouse Gas Accounting? Market-based approaches in multi-statement GHG reporting. Seattle, WA. Greenhouse Gas Management Institute, August 2025. https://ghginstitute.org/2025/09/03/market-based-ghg-accounting-multi-statement-reporting/
- ICVCM. Core Carbon Principles. Available at: https://icvcm.org/core-carbon-principles/.
- ISEAL Alliance. "Chain of Custody Models and Definitions." A reference document for sustainability system stakeholders. Version 2 (2025). Available at: https://isealalliance.org/sites/default/files/resource/2025-07/ISEAL_Chain%20of%20custody%20models%20and%20definitions%202025_V7_1.pdf.
- ISO 14064-1:2018 Part 1: Specification with guidance at the organization level for quantification and reporting of greenhouse gas emissions and removals.
- ISO 14064-2:2019. Part 2: Specification with guidance at the project level for quantification, monitoring and reporting of greenhouse gas emission reductions or removal enhancements.
- UNFCCC. Article 6.4 Draft Standard: Demonstration of Additionality in Mechanism Methodologies. Available at: https://unfccc.int/sites/default/files/resource/In-meeting_SBM015_A6.4%20Draft%20additionality%20standard.pdf.
- Value Change Initiative. Available at: http://valuechangeinitiative.com/.
- VCMI. Available at: https://vcmintegrity.org/.
- WBCSD Avoided Emissions guidance. Available at: https://www.wbcsd.org/actions/avoided-emissions/.