Greenhouse Gas Protocol

Actions and Market Instruments

Phase 1 Progress Update
White Paper

Annex F: Accounting and reporting specifications for each possible statement
(Work in progress)

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

WORKING DRAFT VERSION 2.1 FOR INDEPENDENT STANDARDS BOARD REVIEW

19 December 2025

Annex F: Accounting and reporting specifications for each possible statement (work in progress)

This annex outlines initial draft accounting and reporting specifications, proposals, and open questions for each possible statement to define and differentiate the multiple statements. It is a work in progress, subject to change, and will be further developed and revised by the Technical Working Group in phase 2. This draft content is included in this annex to give an indication of future development but does not represent final proposals.

Tables F.1 through F.6 provides the following specifications for each possible statement:

1. Description and purpose
    A. Description
    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
    H. Allocation approaches
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

Note: Several cells within the table refer to options that are under consideration. These topics will be further discussed in the AMI TWG in phase 2.

Table F.1. Description and purpose by statement (DRAFT)

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
A. Description	An inventory of scope 1, scope 2, and scope 3 GHG emissions (and removals, if applicable) occurring within the reporting company's operations and [traceable] 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, if applicable) 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 • A statement that reports a company's GHG emissions as reported in the Physical GHG Inventory Statement, adjusted by any qualified reductions or removals from market-based instruments	Quantified GHG impacts of actions implemented by the reporting company [which are not reported in other statements], including: A. Within organizational boundary impacts B. Value chain associated impacts C. Sector associated impacts D. Global impacts E. GHG impacts of sold products (e.g. avoided emissions)	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]
B. Purpose	• Provide a comprehensive accounting and disclosure of an organization's annual GHG emissions resulting from the company's activities in its operations and value chain. • Serve as the foundation for the ecosystem of corporate GHG accounting and reporting. • Provide information on the sources of emissions and trends over time. • Serve as primary basis for setting GHG emissions reduction targets and tracking progress over time.	• Create opportunities for organizations to account for and report on actions/investments that are not eligible for reporting within the physical GHG inventory if they enable value chain decarbonization (in sectors such as chemicals, transport, steel and cement but also in agriculture). • Standardize accounting and reporting approaches and integrate eligibility criteria, safeguards, and quality criteria for the procurement and reporting of market instruments so that reporting organizations and stakeholders can have confidence in markets for contractual instruments and	• Provide quantification and reporting of the outcomes of corporate actions on climate change mitigation within or beyond an organization's value chain • Incentivize investment, financing and mitigation through solutions where a reporting organization cannot reduce emissions in the physical GHG inventory • Recognize corporate contributions to GHG mitigation within value chains, sectors, and globally • Inform mitigation actions by identifying emission reduction	• Provide additional means of reporting on climate mitigation progress through indicators, separately from attributional and consequential GHG accounting. • Provide robust and clear, ideally simple, easy to measure, and easy to communicate key performance indicators that are decision-relevant, decarbonization-relevant, and can be used to track performance without GHG quantification. • Allow for setting targets and tracking progress against non-GHG indicator targets (if eligible

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
	• Inform mitigation actions by identifying emission reduction opportunities (that reduce activity data or emission factors) in reporting company operations or value chain. • Inform investors and other stakeholders about climate-related risks and opportunities of the reporting entity	contractually adjusted GHG emissions reporting. • Allow for setting targets and tracking progress against targets (if instruments are eligible under target setting program rules)	opportunities based on quantified GHG impact • Allow for setting targets and tracking against consequential or impact-based targets (if instruments are eligible under target setting program rules)	under target setting program rules).
C. Limitations	• Year-by-year changes in the physical inventory are not always reflective of corporate action • May not reveal the impacts of individual actions taken, which in certain circumstances can create a 'free rider' problem if positive impacts from the actions of one reporter are spread across a wider pool of reporters that did not contribute to the mitigation action • 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 and/or environmental attributes." (GHGMI) • Differences between the contractual and physical inventory do not necessarily represent changes in GHG emissions to the atmosphere • 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)	• Does not provide a comprehensive assessment of corporate footprint • Not directly fungible with emissions quantified in an inventory (absent programmatic policy decisions) • Safeguards and mechanisms required to avoid double counting, over claiming, and selective reporting of only positive impacts	Not denominated in units of GHG emissions

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
		• 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 are required to avoid double counting and over claiming • Not directly fungible with emissions quantified in a physical GHG inventory (absent programmatic policy decisions) • Residual emissions factors for scope 1 and scope 3 are not readily available and may be challenging to develop		
D. Intended/supported claims	TBD	TBD	GHG emissions avoided or reduced or removals enhanced due to actions taken by the reporting company	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 CO2e)	GHG emissions and removals (t CO2e)	Change in GHG emissions, such as emission reductions, avoided emissions or enhanced removals (t CO2e)	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, production/sale of products,	Entity-level metrics and indicators

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			purchase/consumption of products, or other activity) implemented by the reporting company	
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 (e.g. mitigation-related contractual mechanisms and commodity certificates) that are related to the reporting company's value chain but do not establish physical traceability	Emissions reduction projects Removal projects Impacts of sold products beyond the reporting company's organizational boundary (avoided emissions) Actions, market instruments, contractual mechanisms and chain of custody models based on consequential accounting approaches within and outside of the reporting company's value chain	
H. Examples of actions and market instruments that could be reflected in the statements, subject to future additional design and eligibility criteria	• Reduce energy consumption through energy efficiency projects at reporting company or supplier facilities • 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)	Examples of market instruments may include mitigation-related contractual agreements or commodity certificates for the purchase of low-carbon fuels/commodities, subject to eligibility criteria, safeguards and quality criteria to be defined in phase 2, such as: • Sustainable aviation fuel certificates that are related to the reporting company's scope 3 business travel emissions from air travel • Construction company purchases lower carbon steel certificates equivalent to the amount of traditional steel purchased for one of their construction projects. • A company purchases biomethane certificates equivalent to the volume	• Emission reduction projects and removal enhancement projects within the value chain • Emission reduction projects and removal enhancement projects outside the value chain • Value chain interventions • Carbon credits from activities within the value chain • Carbon credits from activities outside the value chain • GHG impacts of contractual mechanisms and commodity certificates that are within or outside the reporting company's value chain • Avoided emissions from the use of sold products	• Percentage of materials procured or products sold that are zero/low 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)

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
		of fossil-based natural gas used for on-site industrial processes.	• Avoided emissions from procurement of renewable energy (e.g. marginal impact method proposal from scope 2 consequential subgroup) • Leakage	

Table F.2. Methods by statement (DRAFT)

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
A. Accounting method	Attributional Attributional (or inventory) accounting methods quantify GHG emissions (and removals, if applicable) within a defined inventory boundary, tracked over time relative to a historical base year	Attributional Attributional (or inventory) accounting methods quantify GHG emissions (and removals, if applicable) within a defined inventory boundary, tracked 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	Indicator tracking; indicators tracked over time and/or indicator related to a certain point in time (e.g. investment in reporting year)
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, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025) • AIM's Intervention Quality, Accounting, and Reporting (QAR) Standard for public consultation (2025) calculation approaches (substitution, enhanced substitution, activity estimation) employ a formula of attributional accounting (activity data x emissions	Options: • 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) • "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) • "Program-specific accounting – if detailed intervention accounting approaches have been developed for some sector specific programs (e.g.	TBD Indicator tracking; details are indicator-specific

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
		intensity factor), which are appropriate for product interventions • 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 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	SAFc Emissions Accounting and Reporting Guidelines (World Economic Forum, 24 2022)), companies may use that program-specific approach to accounting." (AIM, QAR Standard for public consultation, 2025) • Other options TBD For guidance on applying project/intervention accounting methods, refer to the Land Sector and Removals Guidance (Chapter 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.	

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
		relevant inventory components (by intervention baseline method or unit cost method), and then applying the intervention emissions outcomes to those estimates. • Value Change Initiative (VCI)'s substitution method involves defining an intervention and supply shed, calculating intervention baseline EF, and post-intervention EF, then incorporating into the company's Scope 3 inventory by substituting the EF used in the inventory with the intervention EF. When substituting the EF, one needs to consider whether the intervention activities were applied at a supplier's facility level or process level. (VCI's Value Chain (Scope 3) Interventions – GHG Accounting & Reporting Guidance) • VCI's Food and Agriculture sector guidance builds on from the previous guidance to provide guidance on developing a fully updated EF and integration of partial inventory. Developing a fully updated EF involves "generating updated EFs for the volumes affected by the intervention... [considering] the absolute emissions of all SSRs corresponding to the boundaries delineated by the product in the inventory, and not just those affected by the intervention." Then,		

<table>
<tr><th rowspan="2">GHG accounting and reporting element</th><th rowspan="2">1. Physical GHG inventory</th><th colspan="3">Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)</th></tr>
<tr><th>2. Contractual GHG inventory</th><th>3. GHG impacts of actions</th><th>4. Non-GHG metric transition indicators</th></tr>
<tr><td></td><td></td><td>companies can re-calculate the base year EF to measure progress. For integration of partial inventory data, meaning only the emissions for the SSRs that are affected by the intervention are updated, there are 2 ways: subtraction and substitution methods.
○ Subtraction method “reduces the inventory data by the difference between baseline and post-intervention and is therefore always representing the mitigation outcomes achieved by the project. This can be applied on the overall inventory or limited to the affected operations. (note that inventories deploying subtraction do not comply with the GHGP, as these do not allow for hybridizing project and inventory accounting)”
○ Substitution method “is an inventory accounting method to integrate post-intervention data by isolating individual components of an EF and replacing these with more accurate estimates specific to the value chain for a given year, updating the inventory EF.”</td><td></td><td></td></tr>
<tr><td>C. Baseline</td><td>N/A (emissions tracked over time relative to base year emissions)</td><td>TBD for phase 2</td><td>• Option 1: Counterfactual baseline scenario representing the conditions most likely to occur in the absence of the project or action</td><td>Base year value and/or reference level for each indicator</td></tr>
</table>

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			o “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, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025) • Option 2: Performance standard o “A performance benchmark or standard. This baseline is defined using an emissions intensity or performance threshold (TCAT, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025) o For product interventions, options presented for matching baseline intensity and intensity of activity: 1) asset and operational level matching, 2) targeted average matching (AIM, QAR Standard for public consultation, 2025)	

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			o 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, QAR Standard for public consultation, 2025) • Option 3: historical reference point (before/after comparison) • Other options TBD	
D. Emission factors	• Directly measured or supplier-specific emission factors • Average emission factors from shared activity pool/supply shed	• Directly measured or supplier-specific emission factors, when available • Average emission factors from shared activity pool/supply shed • Contractually- or instrument-specific emission factors • Residual emission factors TBD in phase 2 • Other options TBD	Options • Activity-associated emission factor • Marginal emission factors (when available)	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	TBD in phase 2	
F. Aggregation and disaggregation	• GHG emissions are required to be separately reported by scope and scope 3 category; emissions	• GHG emissions are required to be separately reported by scope and scope 3 category; emissions and	• Entity-level aggregation: Using consequential accounting for all mitigation interventions, all impacts	Each indicator reported separately

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
	and removals are required to be 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 data can be provided at the product- or customer-specific level for value chain data transfer	removals are required to be 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 data can be provided at the product- or customer-specific level for value chain data transfer • Further disaggregation beyond entity level (e.g. action level) to be considered	across interventions can be aggregated [and tracked against the aggregate corporate contribution goals, if relevant] (GHGMI) • Disaggregation to be determined (e.g. by action, type of action, etc.)	Further disaggregation beyond entity level (e.g. sub-entity level, action level) to be considered
G. Reference point for tracking progress	Annual time series of emissions (and removals, if applicable) relative to base year	Annual time series of emissions (and removals, if applicable) relative to base year	Options: 1) no reference point 2) physical GHG inventory 3) contractual GHG inventory 4) induced emissions (using marginal emission factors) 5) other	Annual time series of each indicator relative to base year value, target year value, reference level if applicable
H. Allocation approaches	• Allocation methods from Scope 3 Standard: ○ Physical allocation ○ Economic allocation ○ Other methods (allocating based on industry-specific or company-specific allocation methods)	TBD in phase 2	TBD in phase 2	N/A

Table F.3. Boundaries by statement (DRAFT)

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
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. See Table A.4 part B (eligibility criteria) for details	Activities in a company's operations and value chain occurring in the reporting year (details TBD)
B. Activity boundary	Activities occurring within the GHG inventory boundary (scope 1, scope 2, scope 3)	Options: • Activities occurring within the GHG inventory boundary (scope 1, scope 2, scope 3)	TBD in phase 2; varies by subcategory: • Within organizational boundary impacts • Value chain associated impacts • Sector associated impacts • Global impacts • GHG impacts of sold products (e.g. avoided emissions) <u>Options:</u> • 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) • Sector associated activity: "A GHG-related activity that is physically or economically linked to a company's	Varies

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			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, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025) • Global impacts: "Describes a GHG-related activity that is not physically or economically linked to a company's operations and does not perform the same function as, or serve as a direct input to, a GHG-emitting activity in the company's inventory. While not sector associated, these activities may still generate mitigation outcomes and, when they do, are classified as Global Impact Mitigation." (TCAT, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025) • TBD for GHG impacts of sold products (e.g. avoided emissions)	
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)	Options: • 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.	Varies

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			• System boundary - "All and only the processes that change as a result of the decision studied, wherever they may occur in the system" (WBCSD, Avoided Emissions Guidance, 2025) • Other options TBD	
D. Time boundary (ex-ante vs ex-post and annual or multiyear)	• Annual reporting of emissions (and removals, if applicable) resulting from activities that occurred in the reporting year	• Annual reporting of emissions (and removals, if applicable) resulting from activities that occurred in the reporting year	• Annual change in GHG emissions (and removals, if applicable) occurring in the reporting year quantified ex-post o "Ex-post. Emission reductions or removals are quantified by comparing emissions determined using actual (after-the-fact) measurements and monitoring data – to baseline emissions. Where relevant, ex post measurements may also be used to calibrate baseline emission/removal estimates (so called "dynamic baseline approaches")." (TCAT, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025) • GHG impacts of sold products (e.g. avoided emissions) o WBCSD Avoided Emissions Guidance: "We recommend that companies align the AE assessment of a solution with the timeframe used to assess the company's GHG inventory, as per the guidance provided by the GHG Protocol Corporate Standard or ISO corporate and product carbon footprint standards. (WBCSD, Avoided Emissions Guidance, 2025)	

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
E. Action/market instrument time period		Options: • "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, Association Test Pilot Test Version, 2024) • 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, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025)	Options: • Intervention outcomes should be claimed as soon as possible after record creation (AIM, QAR Standard for public consultation, 2025) • "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, Association Test Pilot Test Version, 2024) • 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, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025)	

Table F.4. Quality criteria and safeguards by statement (DRAFT)

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
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)	

B. Eligibility criteria to report in a given statement		Options:
		
		TCAT:
		• TCAT has 5 tests that companies can use to "1) categorize GHG-related activities across key dimensions; 2) identify the appropriate accounting method, and 3) determine which reporting statement to use for each activity."
		• For this statement, GHG-related activities must meet the following criteria to be eligible:
		  ○ Sector Association Test: Sector Associated
		  ○ Inventory Alignment Test: Inventory Aligned
		  ○ Physical Delivery Test: Not Physically Delivered
		  ○ Accounting Expression Criteria: Emission Profile
		(TCAT, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025)
		
		AIM:
			Options (categorized under statement 3 sub-categories):
			A. Within organizational boundary impacts
			B. Value chain associated impacts
			C. Sector associated impacts
			D. Global impacts
			E. GHG impacts of sold products (e.g. avoided emissions)
			
			<u>B. Value chain associated impacts</u>
			
			AIM:
			• AIM's association test can be used to determine if an intervention is associated with a company's value chain:
			  ○ Step 1: Identify and quantify components and subcomponents of a company's GHG inventory
			  ○ Step 2: Basic association test – demonstrate that the intervention addresses a component of the company's GHG inventory
			  ○ Step 3: Further association test – demonstrate that the intervention	

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators

		• AIM's association test can be used to determine if an intervention is associated with a company's value chain:
		○ Step 1: Identify and quantify components and subcomponents of a company's GHG inventory
		○ Step 2: Basic association test – demonstrate that the intervention addresses a component of the company's GHG inventory
		○ Step 3: Further association test – demonstrate that the intervention meets the requirements of one of the 3 testing methods.
		  ○ Known supplier or customer method: companies shall demonstrate that the intervention's host is a known supplier or a known customer
		  ○ Sourcing and use region method: companies shall demonstrate that the intervention's host is located within the same sourcing or use region as the matched component or subcomponent
		  ○ Hard-to-abate sector method: companies shall demonstrate that the
			meets the requirements of one of the 3 testing methods
			○ Known supplier or customer method: companies shall demonstrate that the intervention's host is a known supplier or a known customer
			○ Sourcing and use region method: companies shall demonstrate that the intervention's host is located within the same sourcing or use region as the matched component or subcomponent
			○ Hard-to-abate sector method: companies shall demonstrate that the intervention addresses one of the listed "Critical Sectors," and either 1) utilizes a technology on the Core Sectoral Decarbonization Technologies List or 2) meets the technology market penetration rate (e.g., less than 5% globally or in the market or region the intervention takes place in) and decarbonization potential threshold requirements (e.g., decarbonization potential of intervention is greater than the threshold for each Critical	

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
		intervention addresses one of the listed "Critical Sectors," and either 1) utilizes a technology on the Core Sectoral Decarbonization Technologies List or 2) meets the technology market penetration rate (e.g., less than 5% globally or in the market or region the intervention takes place in) and decarbonization potential threshold requirements (e.g., decarbonization potential of intervention is greater than the threshold for each Critical Sector – Aluminum: 60%, Steel: 50%, etc.)) Further details in AIM 2024, Chapter 6 • 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." (AIM, Association Test Pilot Test Version, 2024) • Other options TBD	Sector – Aluminum: 60%, Steel: 50%, etc.) • 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." (AIM, Association Test Pilot Test Version, 2024) • Other options TBD <u>C. Sector associated impacts and D. Global impacts</u> TCAT: • TCAT has 5 tests that companies can use to "1) categorize GHG-related activities across key dimensions; 2) identify the appropriate accounting method, and 3) determine which reporting statement to use for each activity." • For this statement, GHG-related activities must meet the following criteria to be eligible: ○ Mitigation Action Test: Mitigation Action – "This test determines if an activity results in a measurable, additional, verifiable, and attributable reduction or removal of	

<table>
<tr><th rowspan="2">GHG accounting and reporting element</th><th rowspan="2">1. Physical GHG inventory</th><th colspan="3">Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)</th></tr>
<tr><th>2. Contractual GHG inventory</th><th>3. GHG impacts of actions</th><th>4. Non-GHG metric transition indicators</th></tr>
<tr><td></td><td></td><td></td><td>greenhouse gases from the atmosphere”
o Accounting Expression Criteria: Emission Reduction/Removal Units
(TCAT, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025)
• Other options TBD

<u>E. GHG impacts of sold products (e.g. avoided emissions)</u>

• WBCSD Avoided Emissions Guidance: “There are three eligibility criteria (or “gates”) that any climate solution should meet before a company calculates and claims AE:
o Gate 1 – Climate action credibility: The company has a climate strategy with emission reduction targets that are aligned (or in the process of alignment) with climate science and can be proven through existing frameworks.
o Gate 2 – Latest climate science alignment: The solution has mitigation potential according to the latest climate science and recognized sources, and is not applied to the exploration, extraction, mining and/or production, distribution and sales of fossil fuels.</td><td></td></tr>
</table>

<table>
<tr><th rowspan="2">GHG accounting and reporting element</th><th rowspan="2">1. Physical GHG inventory</th><th colspan="3">Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)</th></tr>
<tr><th>2. Contractual GHG inventory</th><th>3. GHG impacts of actions</th><th>4. Non-GHG metric transition indicators</th></tr>
<tr><td></td><td></td><td></td><td>o Gate 3 – Contribution legitimacy: The solution achieves measurable and significant GHG emissions reductions compared to a reference scenario, and these reductions are the direct result of the solution”
(WBCSD, Avoided Emissions Guidance, 2025)
• Other options TBD</td><td></td></tr>
<tr><td>C. Quality criteria and safeguards</td><td>N/A for emissions (removals have additional requirements)</td><td>Options:
• Deliverability (potential for physical deliverability)
• Time-matched (can be from hour to year(s) – details tbd)
• Unique claims; No double counting between entities reporting market-based emissions (including through required use of residual emission factors)
• Instrument (certificate, credit) retired
• AIM Quality Criteria
o “Assure outcomes and other impacts;
o Accurate emissions outcome;
o Stakeholder engagement and social and environmental safeguards;
o Regulatory surplus;
o System of record;
o Intervention record information;</td><td>Options:
• Additionality, credible baselines, permanence, mitigate leakage, unique issuance and claiming, regular monitoring, independent validation and verification, GHG program governance, and sustainable development benefits and safeguards (Land Sector and Removals Standard)
• Credited GHG emission reductions and removals should align, via the quality criteria, with the goals of the Paris Agreement as set out in the ‘Paris Agreement Rulebook’ agreed at COP26 and Guidance on Cooperative Approaches agreed at COP 29 (Article 6.2 and Article 6.4 of the Paris Agreement).
• Other options TBD</td><td>TBD</td></tr>
</table>

<table>
<tr><th rowspan="2">GHG accounting and reporting element</th><th rowspan="2">1. Physical GHG inventory</th><th colspan="3">Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)</th></tr>
<tr><th>2. Contractual GHG inventory</th><th>3. GHG impacts of actions</th><th>4. Non-GHG metric transition indicators</th></tr>
<tr><td></td><td></td><td>o Record creation timing" (AIM, QAR Standard for public consultation, 2025)
• Additional criteria and options TBD</td><td></td><td></td></tr>
<tr><td>D. Methods for operationalizing additionality (or causality/impact)</td><td>N/A</td><td>N/A</td><td>Options:
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.)
• 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.)"
(TCAT, Mitigation Action Accounting and Reporting Guidance (MAARG) V1, 2025)</td><td></td></tr>
</table>

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			2. UNFCCC Article 6.4 Draft Standard 3. ICVCM Core Carbon Principles 4. AIM Platform Draft Quality Criteria 5. GHGMI "ambitious" mitigation intervention eligibility principle Role of GHG programs in defining more specific rules	
E. Methods for operationalizing other quality criteria		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. The approach to scope 3 emissions accounting across different companies within a value chain remains unchanged. 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 specify exclusive ownership of	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 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	

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
	reductions through contractual agreements.		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, Association Test Pilot Test Version, 2024) • "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	

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			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, QAR Standard for public consultation, 2025)	
G. Assurance/verification	Pending Corporate Standard TWG	To be discussed in phase 2	To be discussed in phase 2	To be discussed in phase 2

Table F.5. Reporting by statement (DRAFT)

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
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 reported from physical GHG inventory (Requirements for scope 2 developed by Scope 2 TWG)	Separate reporting of: • Within organizational boundary impacts • Value chain associated impacts • Sector associated impacts • Global impacts • GHG impacts from sold products (e.g. avoided emissions) Positive and negative impacts reported separately (e.g. avoided emissions/emission reductions separately from emissions increases/leakage) Emissions and removals separately reported	Separately by metric/indicator
B. Reporting requirements	• Refer to GHG Protocol Corporate Standard, Scope 2 Guidance, Scope 3 Standard, Land Sector and Removals Standard	TBD	TBD, under consideration: • 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.	TBD

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
			(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 approach applied in calculating the emission profile of each intervention (AIM, QAR Standard for public consultation, 2025)	

Table F.6. Key references by statement (DRAFT)

GHG accounting and reporting element	1. Physical GHG inventory	Proposed statements to report impacts of actions and market instruments in a GHG action report (name TBD)		
		2. Contractual GHG inventory	3. GHG impacts of actions	4. Non-GHG metric transition indicators
A. GHG Protocol relevant standards and guidance	• Corporate Standard	• 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 • Scope 2 TWG consequential subgroup outputs	• 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 • ISEAL Chain of Custody models • Land Sector and Removals Standard	• SBTi Corporate Net Zero Standard version 2.0 • ISEAL Chain of Custody models • VCI • TCAT • AIM Platform • GHGMI	• ISO 14064:2 (project quantification) • SBTi Corporate Net Zero Standard 2.0 • ISEAL Chain of Custody models (• VCI • TCAT • AIM Platform • GHGMI • ICVCM • VCMI • ISEAL Chain of Custody models (that are beyond the value chain) • WBCSD Avoided Emissions Guidance • ISO 14064-1 draft "Definition of avoided emissions"	• SBTi Corporate Net Zero Standard version 2.0 GHGMI