

Supplemental Explanation of Managed Land Proxy “plus” Proposal

June 13, 2025

Vaughan Andrews, Melissa Gallant, Natthan Truitt

As the authors of the MLP+ proposal, we appreciate this final opportunity to clarify our approach to forest carbon accounting. These comments are intended to supplement the *MLP+ Explanatory Memo* and to address the rationale for combining an attributional MLP-based stock-change approach with a consequential Forest Impact Statement. We also respond directly to the false claims about the author team’s makeup and our subjectivity.

How the Forest Impact Statement complements the MLP in a corporate context. See *MLP+ Proposal* pages 2, 9 & 15 and *MLP+ Explanatory Memo* pages 2-4.

The IPCC has not endorsed the use of the MLP, or any other approach, including ABA, in corporate contexts, as their focus is national reporting and accounting. However, the IPCC has clearly signaled that the MLP is an appropriate approach to reporting forest carbon fluxes, when supplemented with additional transparency.

The Forest Impact Statement is a consequential accounting approach intended to provide that transparency. It recognizes that a physical, attributional inventory is both essential for accurate, consistent *reporting* of land-based emissions and removals, and also that it is *not sufficient* for complete, responsible *accounting*. The proponents of the ABA proposal continue to conflate reporting and accounting, whereas the IPCC’s guidance recognizes they are separate and sequential. First, we report emissions and removals attributable to a company across its various scopes. We do this using the Manage Land Proxy, along with safeguards contained in the LSRS and the MLP+ proposal. Next, we supplement the inventory with the Forest Impact Statement to address this and enable judgments as to whether the actions of an individual company are aligned (or not) with a net-zero pathway.

We have proposed two methods for doing this at a high level: the first is to compare reported emissions and removals against a “business as usual” baseline. This would enable us to know whether removals are “additional”. The second is to compare reported emissions and removals to global net zero pathways for forests, downscaled to the level of an individual company. This is the method which SBTi and others tend to use for other sectors, and would enable us to know whether a company is doing its “fair share” to advance forest management towards global goals. An additional option (raised in the TWG, but not included in the MLP+ proposal) would be to compare reported emissions and removals against a modeled baseline in which the indirect anthropogenic effects on forest growth are removed. This would enable users to separate anthropogenic and indirect

anthropogenic effects much more effectively than the “no-harvest” baseline proposed by the ABA proponents, because a) there are many more anthropogenic activities involved with forest management than harvesting (planting, thinning, managing against disturbance, proactive conservation, streamside buffers, etc.) and b) the volume of emissions from harvesting is itself a mix of anthropogenic and indirect anthropogenic effects, because the tree which is harvested is bigger (or in some cases smaller) than it would have been absent those effects.

In all of these cases the reporting of a physical, attributional inventory is the foundation upon which adjustments and comparisons produce useful accounting. The ABA proposal removes this foundation.

It will of course be clear to the members of the ISB that more discussions are needed to enable the design of a Forest Impact Statement. We appreciate this opportunity to give you more detail about the options we have considered as reference scenarios. The core point is this: whatever scenario is used, it must begin with a foundation that is consistent across geographies, stable over time (so it can be tracked as a time series to understand the extent to which goals are being achieved), and possible to implement globally.

Clarifying the use of attributional and consequential accounting in the MLP+ proposal. See *MLP+ Proposal* pages 5-10 and *MLP+ Explanatory Memo* pages 6-8.

The MLP+ proposal is rooted in the understanding that attributional accounting, also known as inventory accounting, is the primary method that should be used by companies to report emissions and removals from their operations and value chains.

A [2023 GHGP blog post](#) describes the difference in the following way:

Inventory accounting, also known as attributional accounting, tracks GHG emissions and removals within a defined organizational and operational boundary over time. It is the primary method used by corporations and other organizations to report emissions from their operations and value chains...

Project-based accounting, also known as consequential accounting or intervention accounting, estimates the impacts or changes in GHG emissions resulting from specific projects, actions, or interventions relative to a counterfactual baseline scenario. It is the primary method used to evaluate the emission effects of projects by comparing emissions and removals that happen in the project scenario with an estimate of what would have happened without the 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.

The MLP+ proposal is primarily focused on defining the appropriate spatial boundary for companies with forests in their GHG inventories. The ABA proponents may disagree with the efficacy of those requirements, but they should not ignore the significant effort and thought that went into safeguarding against companies claiming to be more climate friendly than they are. What ABA proponents also fail to comprehend is that an inventory must be based on the change in carbon stocks *in the same forest* between two points in time in order to claim to be attributional accounting.

In contrast, consequential accounting, also known as project-based accounting, estimates the impact of changes in GHG emissions or removals resulting from specific project, actions, or interventions relative to a counterfactual baseline scenario. Consequential accounting has an important role to play, particularly in the land sector, but should not be the basis for developing a forest carbon GHG inventory. Consequential methods are a critical part of an overall accounting framework, particularly in two places:

- They allow the consideration of various scenarios, and are thus critical in target setting at the global, national, sectoral and organizational level.
- They are critical for calculating the impact of interventions that companies make in order to compensate for ongoing (and, eventually residual) emissions (typically referred to as “offsets”).
- Potentially, as contemplated by SBTi’s most recent net zero guidance, they may also be used to calculate the impact of interventions *within* a company’s value chain. This would be reported within an inventory report but *even then*, it would be reported separately (within a dual ledger) from the basic attributional inventory.

The same [GHGP blog post](#) says the following (referring to the ongoing revision of the Corporate Standard):

Stakeholder feedback via GHG Protocol’s current standards update process has suggested that project-based accounting does not currently play a meaningful role in organization-level target- and goal-setting programs or disclosures that rely primarily on corporate inventories. However, there is increasing interest in accounting for projects and actions that are perceived to have an overall benefit on the climate and in having these actions included in corporate GHG reporting to incentivize these actions. The use of these two methods together has emerged as a key area of stakeholder interest within the context of GHG Protocol’s standards update process.

The MLP+ proposal seeks to bridge these two accounting approaches by introducing the Forest Impact Statement to complement (but not replace) the physical inventory.

Nowhere is the ABA proponent's confusion over the difference between reporting and accounting more evident than in their claim that companies could use reported removals in place of offsets, thus harming the carbon market. A carbon credit is purchased and retired at the *end* of the accounting system, and its purpose is to address, take responsibility for, or compensate for an emission that has not yet been abated. This is not remotely fungible with a removal or emission reported in an inventory, as the ongoing debate over the role of carbon credits within a net zero framework clearly demonstrates.

The concern that an entity could "use" its inventoried removals to claim that it has reached net zero *may* be valid in a national context, where countries are not constrained by binding agreements or frameworks, but corporations do not operate in such an environment. They are subject to the demands of their stakeholders, who expect them to participate in climate frameworks like SBTi and GHGP, where this practice is explicitly forbidden.

The realities about scope 3 in a forest products context. See *MLP+ Proposal* pages 5-9 and *MLP+ Explanatory Memo* pages 6-8.

The ABA proponents object to the use of the MLP+ with particular strength when it comes to scope 3 reporting. They claim that sourcing regions are arbitrarily defined and that somehow, they do not reflect the fluxes that physically occur within that sourcing region. Neither of these assertions are correct. The authors of the MLP+ have experience establishing supply sheds for scope 3 reporting and have developed methodologies, tools and approaches to do this.

The construction of a supply shed for scope 3 reporting is the opposite of arbitrary. It begins with the designation of lands as relevant for a manufacturing facility according to a number of different criteria, and the use of a robust data set of forest inventories to produce the data needed for reporting. It is true that those relevant lands are incredibly diverse: they include institutional timberland owners, government- or community-owned land that is managed for timber, and non-industrial private land; they also include timber plantations and semi-natural and natural forests that are managed using a variety of forestry approaches; land that is managed primarily for timber, land that is managed for conservation purposes, and land that is managed *reactively* in response to shifting market conditions. To some, this mixture of lands may add up to something that seems arbitrary, but those who understand forestry know that this mixture reflects the actual dynamics of timber supply. Timber is produced by a wide range of land-owners with an even wider range of objectives. The one thing all of this land has in common is that it contributes to the pool of timber supply that individual manufacturing facilities draw on to make their products. In this sense the scope 3 reporting for forest products is similar to other commodities that are drawn from disaggregated and heterogenous lands (think coffee, or soybeans, or

chocolate). To the extent that you believe the ABA proponents' criticism of this system is valid, you will need to be similarly critical of any scope 3 reporting. We argue that the use of the MLP is directly analogous to how scope 3 accounting is done in other sectors, for both upstream and downstream emissions, whereby companies make their best attempt to attribute their activities to emissions (or removals) in their value chains.

A comment on the false claims about the authors of the MLP+ proposal. See *ABA Team Response to MLP Memo*.

Finally, we feel the need to respond to the characterization of MLP+ proposal as being written from the perspective of large forestry companies, or to benefit these companies. Two of the MLP+ authors are representatives of environmental non-profit organizations that do not derive material revenue from wood products. The other is a member of the sustainability team at a forestry company. All three of us agreed to participate in this Technical Working Group with the intention of finding a workable solution that addresses the scientific concerns with the MLP while still enabling the GHG Protocol to support corporate climate action through robust and usable guidance. We have also endeavored to serve in our individual capacity, rather than as representatives of our organizations.

Furthermore, the additional supporters of the MLP+ proposal are equally committed to the purposes of the Technical Working Group and to humanity's collective goal of achieving net-zero in a way that limits global warming. We all strongly object to characterizations that diminish our credibility and independence and distract from engaging in productive discussions that support GHG Protocol's goal to deliver the LSRS standard in 2025.

All of us have dedicated our careers to sustainable forestry, and to enabling forests and forest products to be critical tools in fighting climate change. We support the GHG Protocol's important role in this fight, and have devoted our time to this process because we believe our perspectives can contribute to a better outcome. We ask that the ISB interpret each proposal based on the GHG Protocol's decision-making criteria, not on the backgrounds of the respective author teams.