

Actions and Market Instruments Technical Working Group

Meeting # 2.08

GHG Protocol Secretariat team:

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September 9, 2026

Agenda

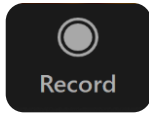
- Welcome & Housekeeping (5 min)
- RFI summary report – findings for Phase 2 (45 min)
- ISO 14064 WD2 Feedback related to AMI (60 min)
- Workplan until end of year (15 min)
- Subgroup status (45 min)



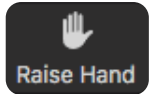
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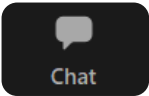
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You can also use the chat function in the main control.



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Guidelines and Procedures

TWG members should **not disclose any confidential information** of their employers, related to products, contracts, strategy, financials, compliance, etc.

In TWG meetings, **Chatham House Rule** applies:

- “When a meeting, or part thereof, is held under the Chatham House Rule, participants are free to use the information received, but neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed.”

Compliance and integrity are key to maintaining the credibility of the GHG Protocol

- Specifically, all participants need to follow the **conflict-of-interest policy**
- **Anti-trust rules** have to be followed; please avoid any discussion of competitively sensitive topics*

* Such as pricing, discounts, resale, price maintenance or costs; bid strategies including bid rigging; group boycotts; allocation of customers or markets; output decisions; and future capacity additions or reductions

AMI TWG Shared Values

- Always **be respectful**
- Take space, make space
- There are **no bad ideas or questions**
- **Be pragmatic** – balance perfect with actionable
- **Be open** to differing points of view and **curious** about all sides of a discussion
- **Keep integrity** at the heart of decision-making and consider real word impacts
- **Keep focus** on the long-term goal of developing an effective standard

Plan for our TWG meetings in 2026

Meeting	Date	Topic
2.01	Jan 28, 2026	Workplan, white paper, public consultation
2.02	Feb 25, 2026	Quality and eligibility criteria
2.03	Mar 25, 2026	Statement 2 and 3 structure
2.04	Apr 22, 2026	Traceability, quality and eligibility criteria
2.05	May 20, 2026	Theory of change, additionality, baselines
2.06	Jun 17, 2026	Statement 4, preview on RFI results, Prep. for in-person meeting
2.07	June 30-July 2, 2026	In-person meeting Amsterdam
2.07b	July 15, 2026	Report back from in-person meeting
2.08	Sep 09, 2026	RFI, ISO feedback and subgroup status
2.09	Oct 07, 2026	Plan for Standard drafting, ISO Feedback II (tbd if needed)
2.10	Nov 04, 2026	TBD, key topics as necessary
2.11	Dec 02, 2026	TBD, key topics as necessary

Today's Objectives

1. RFI summary report – findings for Phase 2
 - Secretariat to share final RFI summary
 - TWG members to provide comments on “Finding and Next steps”
2. ISO 14064 WD2 Feedback related to AMI
 - ISO to share their feedback on Statement 2 and rationale
3. Workplan until end of year
4. Subgroup status

Agenda

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RFI Process at a Glance

437

valid responses

386

completed the full survey

77 days

response window
(31 Mar – 15 Jun 2026)

READING THE ORGANIZATION-TYPE CHARTS IN THIS BRIEFING

Where results are broken down by organization type, four categories are used; a small “other/various” group (n=11) is excluded from those charts, consistent with the RFI report.

n = 198

Private Sector / Market Participants

n = 76

Standards, Programs & Industry Bodies

n = 77

Service Providers & Advisors

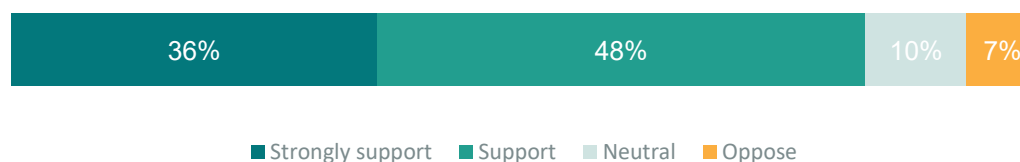
n = 75

Public, Academic & Civil Society Orgs.

84% Support the Multi-Statement Structure

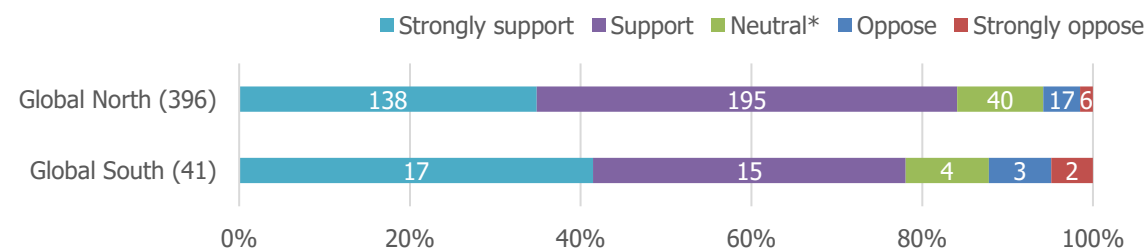
"To what extent do you support or oppose the introduction of a new multi-statement GHG reporting structure?" — n = 437

All respondents

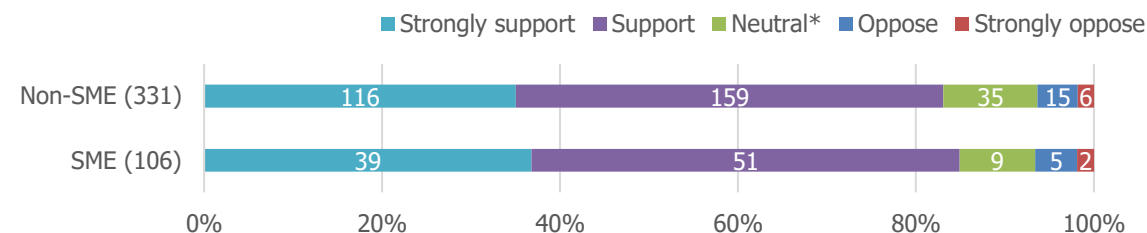


84% strongly support or support the structure — largely consistent across regions and stakeholder groups.

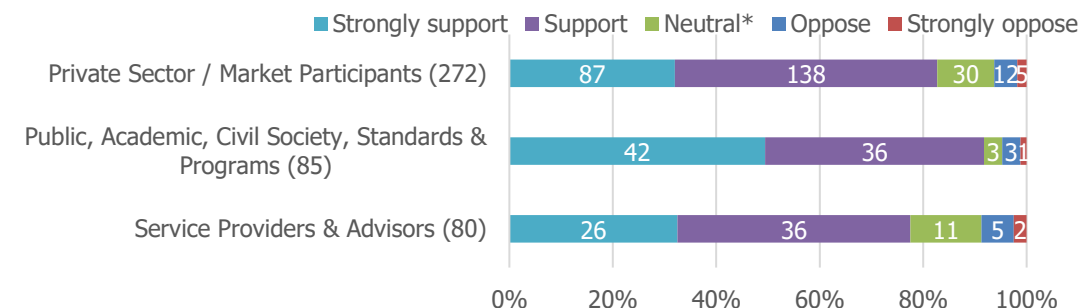
By region



By company type

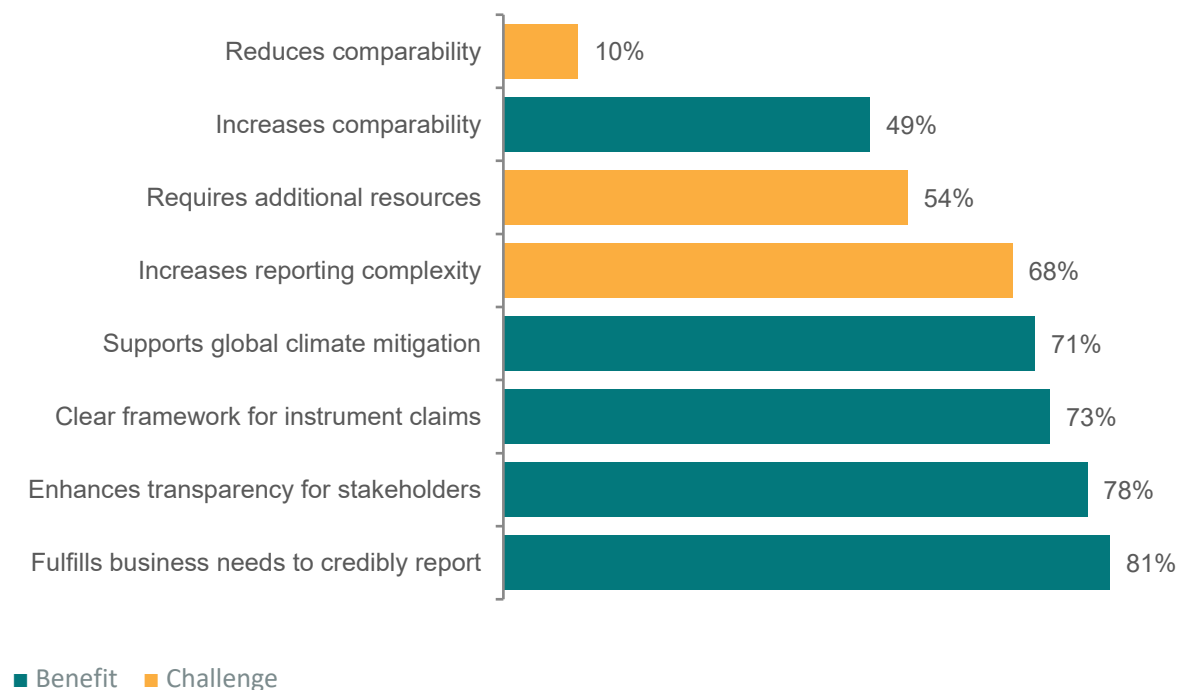


By organization type



Business Needs & Transparency Lead the Benefits

Share of respondents agreeing (n = 437, multiple selection)

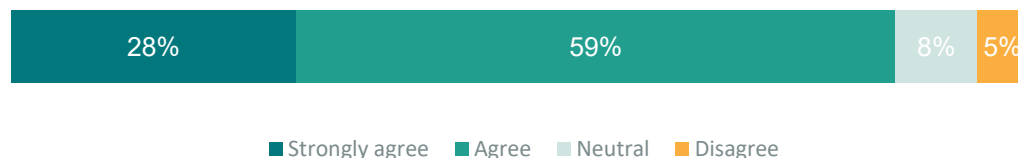


What Would Increase Support

- 1 Transparency & integrity**
 No adding, netting, or blending results across statements — keep accounting concepts visibly separate.
- 2 Clear statement boundaries**
 Principles-based rules on scope and interpretation, backed by decision trees and worked examples. Clarified relation between Statements 1 (protected as core) and 2 (not treated as secondary)
- 3 Feasibility & data readiness**
 Phased rollout with tiered requirements and support for SMEs and lower-capacity actors. Overcome feasibility concerns of conseq. accounting approaches
- 4 Flexibility paired with safeguards**
 High level principles with strong safeguards (eligibility criteria, traceability, prevent double counting, verifiability...) . Alignment with ISO, SBTi and other existing frameworks.

87% Agree with the Purpose, Goals & Objectives

"To what extent do you agree with the 'Purpose, goals and objectives'?" — n = 360



Support held consistently across regions and stakeholder groups; transparency was the value most cited.

GHG PROTOCOL'S ROLE, AS RESPONDENTS SEE IT

Respondents want AMI to stay within GHG Protocol's policy-neutral role: define accounting principles, reporting structures, calculation requirements and quality criteria — and leave decisions on target-setting eligibility, incentives and policy recognition to programs, regulators and other schemes that use the information.

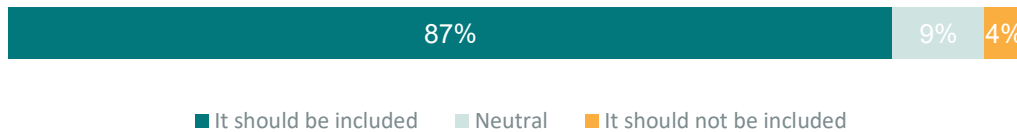
Key Themes from the Rationale

- A AMI addresses a real gap**
Companies take actions and market decisions not visible in today's physical inventories. But don't overestimate a standards role — better information not necessarily leads to more GHG mitigation.
- B AMI enables decision-making and climate action**
It furthermore needs clearly defined users and use cases for each statement to be operational.
- C Preserve policy-neutral role**
AMI should define accounting principles — not decide what counts toward targets or which investments should be incentivized
- D Practicality & readiness**
Practical implementation is of equal importance as other objectives. Proportional pathways (default approaches, case studies, transition periods...) for SMEs and organizations with lower data maturity are requested .

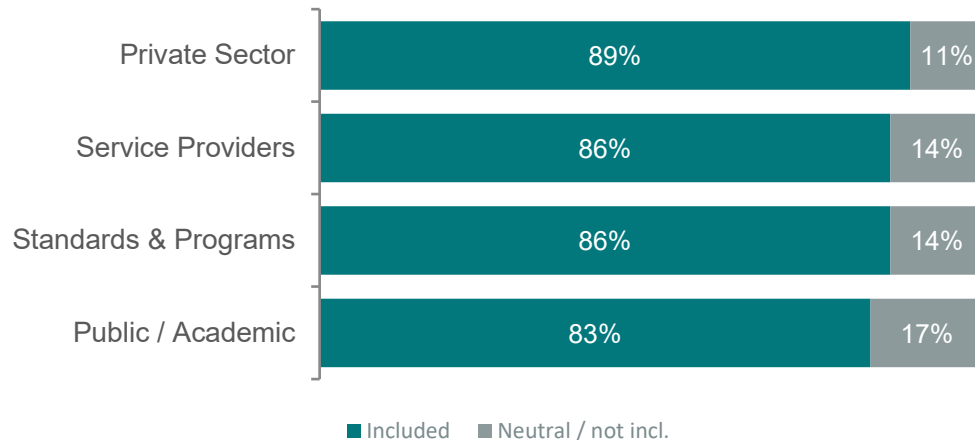
87% Support Including the Market-Based Inventory

"To what extent should the Market-based GHG inventory statement be included?" — n = 374

All respondents



By organization type



Key Themes

- A Statement 2 is the home to report on climate action through procurement choices**
Statement 2 is connected to investment and demand signals. Many see it as extension of scope 2 MBM..
- B Statement 2 needs safeguards**
Support is conditioned on robust safeguards. Credibility depends on clear claim language, auditable evidence, verification, and limits on what market-based reporting can imply. Topics include Quality & eligibility criteria, traceability / CoC models, residual emission factors.
- C It needs to be practical and interoperable**
Statement 2 must be practical to implement. Overly strict requirements might discourage participation. Interoperability with existing system is important
- D Relation to Statement 1 to be clarified**
See next page

Open Question: Equal Status, or Secondary to the Physical Inventory?

EQUAL, PARALLEL STATEMENT

Many respondents want Statement 2 to carry equal standing with the Physical Inventory. Treating it as “secondary” could understate legitimate market-based decarbonization pathways and weaken investment signals to providers of market instruments.

SECONDARY / COMPLEMENTARY

A smaller group cautions that market-based reporting should not obscure the physical emissions profile, or imply reductions without real-world decarbonization. The physical inventory should stay the authoritative basis for a company's emissions.

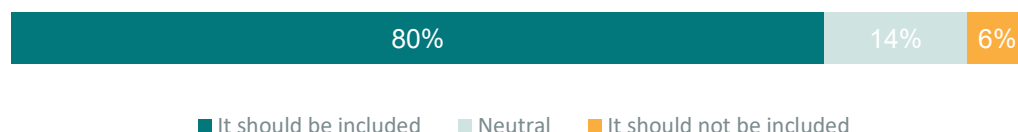
Supporters of giving Statement 2 equal standing often still agree that Statement 1 should be mandatory and remain the fundament of corporate GHG reporting

Both groups agree: the White Paper's “complementary” framing needs sharper definition in Phase 2.

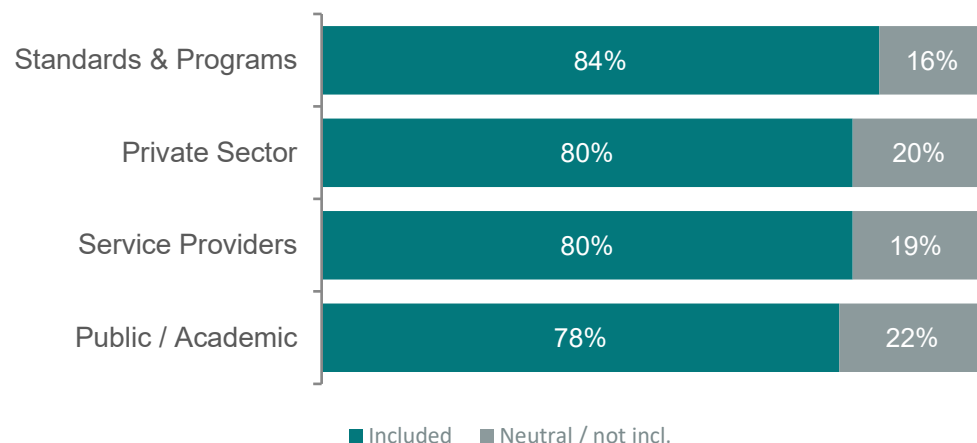
80% Support Including the GHG Impact Statement

"To what extent should the GHG impact statement be included?" — n = 366

All respondents



By organization type

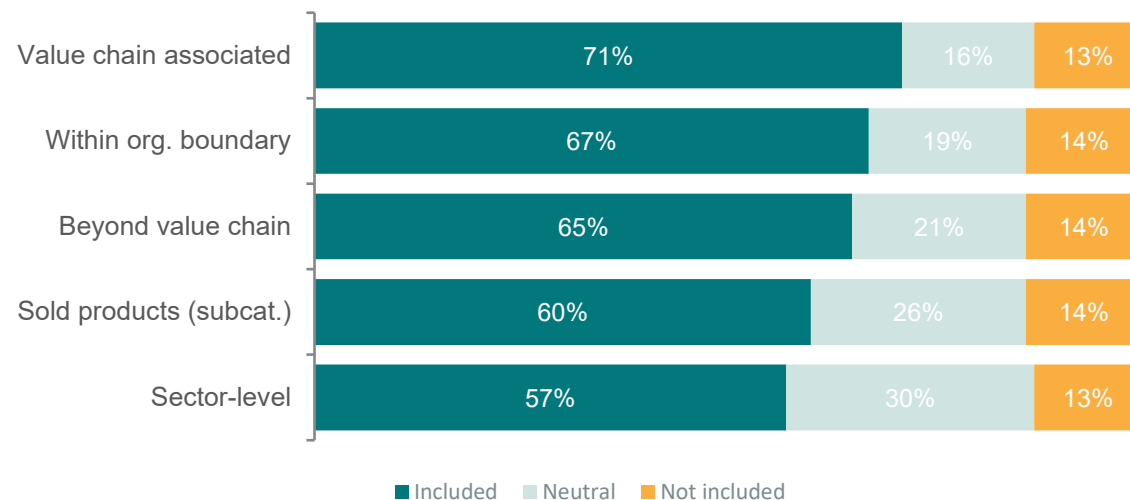


Key Themes

- A Statement 3 fills a real gap**
Attributional inventories don't capture consequential effects of corporate actions like avoided, reduced or removed emissions. Value of Statement 3 depends on clear distinction between attributional and consequential accounting. It must not be a low credibility "catch all".
- B Distinguished subcategories are needed**
Support is conditional for subcategories - the structure needs clearer definitions, boundary tests, and examples. Value chain and BVCM need to be separate, some support making AE from products sold another statement.
- C Flexibel and phased implementation**
Statement 3 must be practical to implement. Many respondents recommended leveraging existing standards, guidance, registries, and sector methodologies rather than creating duplicative requirements
- D Reporting positive and negative impacts**
See next page

All Five Subcategories Found Support

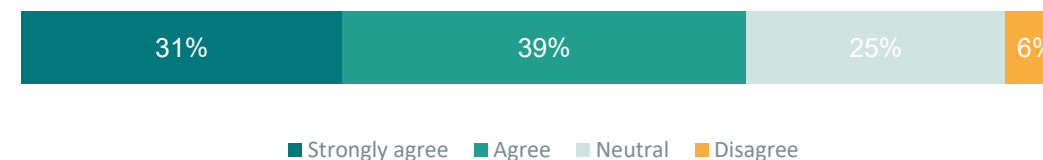
Including each subcategory (n ≈ 336 average)



No clear preference on merging subcategories — the largest single group (24% of ~300) said none should be merged.

Should impacts reflect both positive and negative outcomes?

n = 351

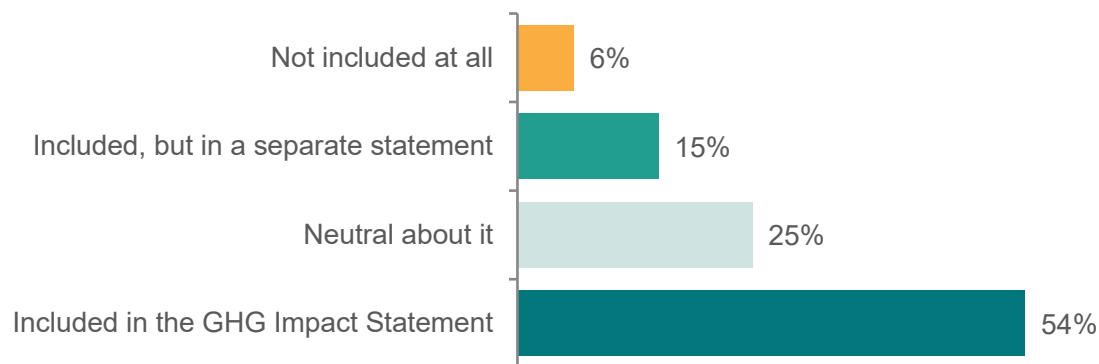


MOST WANT THE FULL PICTURE — WITH LIMITS

Reporting only positive impacts risks selective disclosure and greenwashing — negative effects such as induced emissions, leakage and rebound effects should be captured too. At the same time, systematic quantification of every negative impact may be burdensome; respondents suggested materiality thresholds and conservative assumptions to balance completeness with usability.

Sold-Product Impacts: Supported, some prefer separation

"How should GHG impacts of sold products (e.g. avoided emissions) be treated?" — n = 343



Supporters point to material downstream reductions from products and solutions; skeptics warn avoided-emissions claims rely heavily on counterfactual assumptions about customer behavior and product lifetime.

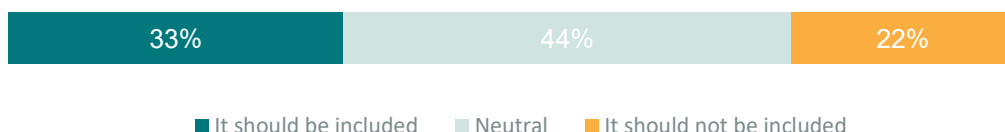
Methodological Path Forward

- 1 Resolve baseline & additionality uncertainty**
 Before broad rollout — counterfactuals, time horizons and additionality assumptions need common ground.
- 2 Prohibit netting against other statements**
 Impact results must never be added to, or offset against, the physical or market-based inventories.
- 3 Phase implementation**
 Start with clearer, more mature use cases; add worked examples, decision trees and sector case studies over time.

Statement four support is mixed: 33% / 44% / 22%

"To what extent should the Non-GHG indicators statement be included?" — n = 331

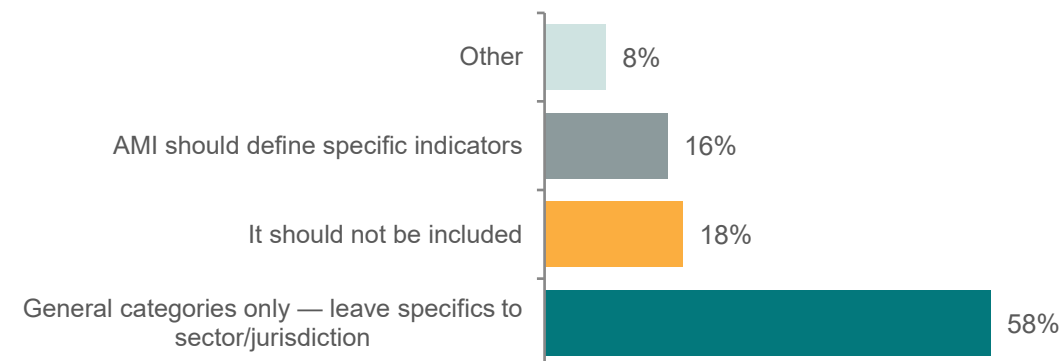
All respondents



This is the most divided result in the RFI — support did not cross the majority threshold in any stakeholder group.

If retained, what level of detail?

n = 312



WHAT'S DRIVING THE SPLIT

Supporters value leading indicators of transition progress that emissions metrics alone can't convey. Skeptics argue Statement 4 sits outside GHG Protocol's core remit, risks duplicating existing sustainability disclosure frameworks, and could divert Technical Working Group capacity from the more central Statements 1–3.

The Core Debate on Statement 4: Useful Signal, or Scope Creep?

ARGUMENTS FOR

- Leading indicators of transition progress before emissions outcomes are visible in inventories or impact statements.
- Context CO₂e alone can't convey — product durability, circularity, certification status, chain-of-custody features.
- Decision-useful for investors, customers and regulators evaluating whether climate strategies are being implemented.

ARGUMENTS FOR CAUTION

- Risks duplicating existing disclosure regimes — ESRS/CSRD, IFRS/ISSB, EU Taxonomy, CDP, GRI already cover similar ground.
- Could divert TWG time and capacity from Statements 1–3, which respondents view as more central and more urgent.
- A one-size-fits-all indicator list risks false comparability — relevance varies sharply by sector, geography and business model.

Where retained, respondents strongly preferred general categories and principles over a prescriptive indicator list (58%).

→ GHG P will likely provide a “light” version for Statement 4 in the draft standard

Five Key Findings from the RFI

- 1 The framework is broadly supported — value depends on transparency, clarity and integrity**
Support held across regions, sizes and org types. It is conditional: statements must stay distinct, never netted or blended.
- 2 Physical GHG Inventory integrity has to be preserved**
It must remain the mandatory, authoritative anchor; new statements must not dilute accountability for physical emissions.
- 3 The Market-based Inventory is strongly supported, given safeguards**
Credible reporting home for contractual instruments — contingent on eligibility criteria, traceability and residual factors.
- 4 The GHG Impact Statement received broad support, with methodological work ahead**
Valued for capturing real-world impact; credibility depends on resolving additionality, baselines and uncertainty.
- 5 Non-GHG Indicators need to be considered within AMI's appropriate role and scope**
The most mixed result — if retained, a principles-based, general-category approach is strongly preferred.

Phase 2 Priorities on the Way to the Draft Standard

1 Refine AMI purpose

Clarify boundaries and intended use cases for each statement, incl. eligibility criteria for market instruments.

2 Define status & relationship between statements

Physical Inventory as mandatory anchor; clarity on optionality and mutual exclusivity; no netting or aggregation.

3 Evaluate quality criteria & safeguards

Rules to prevent double counting and double claiming; guidance for appropriate claims language; MRV emphasis.

4 Develop implementation guidance

Practical, scalable guidance after the Standard is finalized — worked examples, decision trees, case studies.

5 Continue alignment & interoperability

With ISO, SBTi, ISEAL, EFRAG and the broader disclosure ecosystem, via direct TWG participation.

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GHG Accounting principles*

GHGP draft text

4.7 Conservativeness

Use conservative assumptions, values, and procedures when uncertainty is high and accurate estimates are not practicable. Conservative values and assumptions are those that are more likely to overestimate GHG emissions and underestimate removals.

4.8 Permanence

Ensure mechanisms are in place to monitor the continued storage of reported removals and captured CO₂, account for reversals, and report emissions from associated carbon pools.

Proposed ISO text

The principles listed in Clause 4 are:

- Relevance
- Completeness
- Consistency
- Accuracy
- Transparency

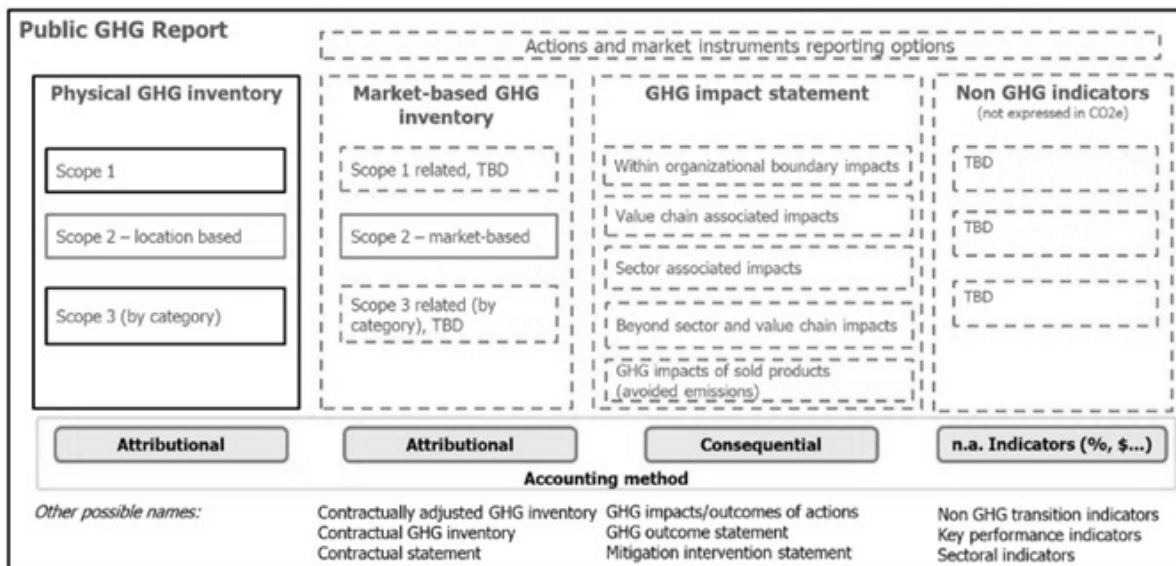
WG4 reached a consensus to remove principles of 'conservativeness' or 'permanence'. WG4 noted that conservativeness may conflict with accuracy principle. WG4 agreed on carbon stock change approach for the reporting period that does not require permanence thus this principle was removed by WG4 consensus.

*The above two principles are specifically relevant for AMI in addition to all other principles

Multi-statement reporting: General Feedback on proposed multi statement reporting

GHGP draft text

- GHG Protocol suggests introduction of three new statements per table below, all likely being optional (apart from keeping Scope 2 MB method mandatory)



Proposed ISO text

- WG4 had consensus to keep the proposed multi-statement reporting structure.
- However, there was also consensus that Statement 4 is out of scope of ISO 14064-1.
- Clause 5.1: Statement 1 is required to be reported, and Statements 2+3 are optional.
- There was no consensus for Scope 2 dual reporting, so 2 options are provided in the text.
- Statements 1+2 are described in detail in Clause 6, and Statement 3 is described in detail in Clause 7.

Multi-statement reporting: Reporting options

GHGP draft text

The organization **shall** [quantify/account] its GHG inventories and report in a Physical GHG inventory statement (Statement #1) through a *[Physical/average GHG Performance (Option 1) see other options in Table X] quantification approach*. This approach quantifies GHG emissions and [GHG removals (3.1.6) / removals (3.1.7), if applicable] resulting from the organization's physical activities in its operations and value chain. This approach uses attributional GHG quantification. When quantifying scope 2 emissions, the location-based method **shall** be used for Statement #1. Scope 2 quantification has additional requirements discussed in Clause 6.2.2.

The organization **may** [quantify/account] and report its actions and use of market instruments in following GHG statements:

- For Statement #2, the organization **shall** use *[Contractual GHG Performance (Option 1), see other options in Table X] quantification approach*. This approach quantifies GHG emissions and [GHG removals (3.1.6) / removals (3.1.7), if applicable] using contractual or market-based instruments used by the organization. This approach uses attributional GHG quantification. When quantifying scope 2 emissions, the market-based method **shall** be used for Statement #2. Scope 2 quantification has additional requirements discussed in Clause 6.2.2.
- For Statement #3, the organization **shall** use *[GHG Mitigation (Option 1), see other options in Table X] quantification approach*. This approach quantifies changes in GHG emissions and [GHG removals (3.1.6) / removals (3.1.7), if applicable] resulting from actions the organization undertakes inside or outside its value chain. This approach uses consequential GHG quantification. If quantified, the organization **shall** report the impacts of its actions in categories as follows in Table XX below.
- The organization **may** also report non GHG indicators in Statement #4 as part of its multi-statement GHG report through key performance indicators (KPIs) not expressed in GHG emissions or [GHG removals (3.1.6) / removals (3.1.7), if applicable].

NOTE X: Some examples of non GHG indicators include but are not limited to: percentage of low carbon materials procured, revenue generated from low carbon products, percentage of renewable energy purchases, percentage of recycled or bio-based carbon in products sold, financial contribution to actions beyond the organization's value chain.

Proposed ISO text

From Clause 5.1 (excl. Figure 3):

The organization **may** quantify and report its GHG emissions and GHG removals in a GHG report to address various types of intended uses. The organization **shall** include statement #1 in its GHG report. The organization **may** also include statement #2 or statement #3 in its GHG report.

The organization **shall** describe the intended use(s) of its GHG report and the rationale for undertaking each included GHG statement(s) within its GHG report.

The organization **shall** quantify its GHG inventory through quantification approach #1 and report it in statement #1. When quantifying scope 2 emissions for statement #1, the location-based method **shall** be used.

When an organization reports under Statement #2, it **shall** quantify and report its use of contractual instruments.

In Statement #2, the organization **shall** exclude *carbon credits* when quantifying and reporting its use of *contractual instruments*.

Contractual instruments used in statement #2 **shall** be based on quality criteria according to [Annex E](#) for Scope 2 and [Annex N](#) for Scope 1 and Scope 3. When quantifying scope 2 emissions for statement #2, the market-based method **shall** be used.

NOTE: The organization can use statement #1 and statement #2 to identify GHG emission hotspots and set GHG targets and track GHG emissions over time to deliver on its GHG targets. A reduction in GHG emissions over time using attributional approach in statement #1 and statement #2 does not necessarily mean that the global GHG emissions have simultaneously been reduced, because there are other GHG impacts outside the organization's GHG inventory that are not considered.

When an organization reports under statement #3, the organization **shall** use quantification approach #3. This approach quantifies the change in GHG emissions and GHG removals that arise, either within or outside the organization's value chain, as a consequence of the organization's activities within the reporting period.

Statement #1, statement #2, and statement #3 provide different perspectives of the same organization and therefore **should** not be seen as additive. Thus, the results from each statement **shall** be kept separate and **shall** not be added or subtracted from each other.

The organization **shall** not adjust its GHG inventory based on any GHG trades, (e.g., purchases, sales, or transfers of carbon credits, or allowances; or avoided emissions; or project-based reductions) in its Statement #1 and Statement #2.

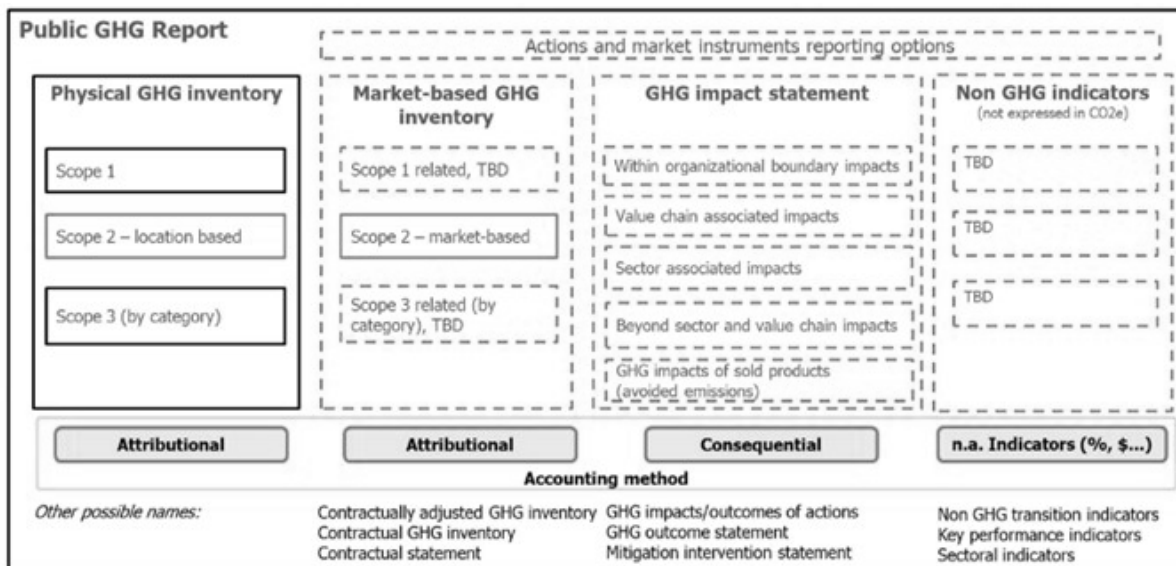
The organization **may** quantify and report changes in GHG emissions and GHG removals resulting from a single activity through Statement #2 and Statement #3 as long as the quantified impacts of the activity are different and there is no double counting of GHG impacts within each GHG statement.

The organization's GHG inventory **shall** be reported separately by Scope 1, Scope 2 and Scope 3 and their subcategories when reporting a statement #1 and, if reported, it **shall** be reported separately by Scope 1, Scope 2 and Scope 3 in statement #2. The organization's GHG inventory may be additionally reported as a total value across all three Scopes.

Multi-statement reporting: Naming proposals for additional statements

GHGP draft text

- Please provide your preference for the names of the statements and quantification approaches used in those statements noted in Table



Proposed ISO text

Clause 5.1, Figure 3: *WG4 naming convention polling results from May 19 WG4 meeting for statements #1, #2, and #3 and quantification approaches #1, #2, and #3. Voting results are shown in parentheses for each naming convention*

Statement #1	Statement #2	Statement #3
Option 1: Physical GHG inventory (25/44)	Option 1: Market-based GHG inventory (21/47)	Option 1: GHG Impact statement (24/43)
Option 2: Location-based GHG inventory (15/44)	Option 2: Contractual GHG Inventory (21/47)	Option 2: Mitigation intervention statement (13/43)
Quantification approach #1	Quantification approach #2	Quantification approach #3
Option 1: Physical approach (ISO14067 WD2) (27/43)	Option 1: Contractual approach (ISO14067 WD2) (26/42)	Option 1: Mitigation approach (ISO14067 WD2) (19/46)
Option 2: Location-based approach (13/43)	Option 2: Market-based approach (10/42)	Option 2: Consequential GHG quantification (20/46)
For Scope 2: Location-based method (not polled)	For Scope 2: Market-based method (not polled)	

Mutual exclusivity between Statement 1, 2, and 3

GHGP draft text

- Should all three statements be mutually exclusive – i.e. emissions reduction tonne from the intervention/project cannot be reported twice?

OR

- Statements should not be mutually exclusive because it might be impossible since some interventions/projects may produce an impact that mat legitimately appear in both statements, and then it can be reported twice? As a safeguard, the reporter would need to flag those “double reported” tonnes.

Option 1 :

•Companies may account and report changes in GHG emissions [and removals, if applicable] resulting from a single activity through Statement 2 and Statement 3 as long as the quantified impacts of the activity are different and there is no double counting of impacts across the two statements.

Option 2:

•Companies shall not account and report changes in GHG emissions [and removals, if applicable] from a single action in both Statement 2 and Statement 3. The organization may report the impacts of a single action either in Statement 2 or Statement 3.

Option 3:

•Companies may account and report [emissions/removals or changes in emissions/removals] resulting from a single activity through Statement 2 or Statement 3. However, if the organization reports changes in GHG emissions [and removals, if applicable] in Statement 2 then, it shall also quantify and report in Statement 3.

Proposed ISO text

From Clause 5.1:

Statement #1, statement #2, and statement #3 provide different perspectives of the same organization and therefore **should** not be seen as additive. Thus, the results from each statement **shall** be kept separate and **shall** not be added or subtracted from each other.

The organization **shall** not adjust its GHG inventory based on any GHG trades, (e.g., purchases, sales, or transfers of carbon credits, or allowances; or avoided emissions; or project-based reductions) in its Statement #1 and Statement #2.

The organization **may** quantify and report changes in GHG emissions and GHG removals resulting from a single activity through Statement #2 and Statement #3 as long as the quantified impacts of the activity are different and there is no double counting of GHG impacts within each GHG statement.

In other words, WG4 had consensus that Statements are not mutually exclusive, and the same intervention/activity may be reported legitimately in multiple statements.

General feedback on Statement 2 Market Based Inventory

GHGP draft text

- GHG proposes a market-based inventory in addition to existing Scope 2 Market based method for Scope 1 and Scope 3 – does ISO agree?
- Statement 2 design is under discussion: shall only categories be reported where market-instruments are used or shall it be a complete inventory, comparable to Statement 1 physical inventory
- Should the use of residual emission factors be required for calculations where no market instruments are involved?
- ISO team, please provide ISO view, if any

Proposed ISO text

- WG4 had consensus in support of a 'market-based' or 'contractual' GHG inventory as Statement 2.
- In WD2, Statement 2 is described/treated as a complete and standalone organizational GHG inventory using a 'contractual' or 'market-based' approach. WG4 did not have consensus for Statement 2 to be an amendment or correction to Statement 1.
- Clause 6.9.3.3.2 (residual mix for Scope 2 only): "*When applying the market-based method, the organization **shall** use a GHG emission factor for the residual mix for the portion of the organization's electricity consumption that is not covered by contractual instruments.*"
- The concept of 'residual mix' is extended beyond Scope 2 with the definition of 'residual product' in 3.9.14, and is required for the use of CoC for Scope 1+3 as defined in Annex N.3 (e.g. from Clause N.3.3):

*"To avoid double counting within organization's scope 3 emission, when the quantity of a product with specified characteristics purchased and consumed by the organization is less than the total quantity of the same product that is purchased and consumed by the organization, then the organization **shall** use GHG emission factor of the remaining quantity of the product that is devoid of any specified characteristics and derived from data not including any specified characteristics related to this product (residual product).*

*If the GHG emission factor of the residual product is not available, a representative GHG emission factor **shall** be used which best approximates the residual product instead of using average GHG emission factor. The organization **may** use average data (e.g., secondary data) for the portion of the organization's product consumption that is not covered by contractual instruments if the organization can demonstrate that average data is the best approximate for the residual product."*

Additionality: Statement 2

GHGP draft text

- Should additionality be required in Statement 2?
- If yes, which additionality tests should be used?

Proposed ISO text

- WG4 did not include any additionality criteria for Statement 2

Name of test	ISO	TCAT	Paris agreement	ICVCM
1. Legal, Regulatory, or Institutional Test				
2. First-of-its-kind				
3. Common Practice Test				
4. Investment Tests				
5. Timing Test				
6. Barrier test				
7. Performance standard				
8. Positive lists				
9. Quasi-experimental tests				

* This topic is under discussion within AMI TWG – no draft text yet available

Quality criteria for Statement 2 – use of CoC models (for scope 1 and scope 2)

GHGP draft text

Traceability requirements are under discussion in AMI TWG.

PROPOSAL:

- Statement 2: Companies using certificates in statement 2 shall use a system of record and should use chain of custody models where available.

Proposed ISO text

Quality criteria for CoC models in statement 2 are defined in Annex N.3.

N.3.1. Scope 1

When the organization purchases and consumes products that result in scope 1 emissions (e.g, fuels, fertilizers) and uses chain of custody models for those products, the organization shall ensure that mass balance model and book-and-claim model used for quantification of scope 1 emission in Statement #2 are in conformance with recognized chain of custody standards (e.g., ISO 22095-2 [29], ISO 22095-3 [30]). The organization shall identify and report the chain of custody standards used.

The time period of origination of the contractual instrument used in mass balance model with credit method and book and claim model shall be defined and should not exceed twelve consecutive months, and shall correspond to either the reporting period or the time period of the underlying activity that gave rise to the specified characteristic.

The organization shall avoid double counting and over-attribution both within its scope 1 emissions in Statement #2 and within the system boundary of the chain of custody model.

NOTE 1: Over-attribution is attribution of an amount of specified characteristic to an output or part of an output beyond what is technically feasible.

NOTE 2: Over-attribution can result in a reduction of one or more environmental impact of the output with specified characteristic at the expense of increasing one or more environmental impact of the output without specified characteristic.

To avoid double counting within organization's scope 1 emission, when the quantity of a product with specified characteristics purchased and consumed by the organization is less than the total quantity of the same product that is purchased and consumed by the organization, then the organization shall use GHG emission factor of the remaining quantity of the product that is devoid of any specified characteristics and derived from data not including any specified characteristics related to this product.

N.3.2. Scope 2

Scope 2 emission of the organization reported in Statement #2 are quantified using market-based method discussed in 6.9.3.3. Quality criteria for scope 2 emission in Statement #2 are discussed in Annex E . If there are chain of custody models discussed in this Annex used for scope 2 emission quantification (e.g., book and claim model), the organization shall follow 6.9.3.3 and Annex E requirements for such chain of custody models.

Continued on next slide.

Quality criteria for Statement 2 – use of CoC models for scope 3-part 1

GHGP draft text

Traceability requirements are under discussion in AMI TWG.

PROPOSAL:

- Statement 2: Companies using certificates in statement 2 shall use a system of record and should use chain of custody models where available.

Proposed ISO text

N.3.3. Scope 3

When an organization purchases and consumes products, indirect GHG emissions for those products may be part of a chain of custody model, the organization shall ensure that mass balance model and book-and-claim model used for quantification of scope 3 emission in Statement #2 are in conformance with recognized chain of custody standards (e.g., ISO 22095-2 [29], ISO 22095-3 [30]). The organization shall identify and report the chain of custody standards used.

If organization uses mass balance model or book and claim model in scope 3 emission quantification in Statement #2 for purchased and consumed products, the organization shall use the carbon footprint for those products that are in conformance with ISO 14067 or can demonstrate equivalence to ISO 14067.

The system boundary of the carbon footprint for those products shall match the relevant scope 3 subcategory.

The time period of origination of the contractual instrument used in mass balance model with credit method and book and claim model shall be defined and should not exceed twelve consecutive months, and shall correspond to either the reporting period or the time period of the underlying activity that gave rise to the specified characteristic.

The organization shall avoid double counting, over-attribution both within its scope 3 emissions in Statement #2 and within the system boundary of the chain of custody model.

To avoid double counting within organization's scope 3 emission, when the quantity of a product with specified characteristics purchased and consumed by the organization is less than the total quantity of the same product that is purchased and consumed by the organization, then the organization shall use GHG emission factor of the remaining quantity of the product that is devoid of any specified characteristics and derived from data not including any specified characteristics related to this product (residual product).

If the GHG emission factor of the residual product is not available, a representative GHG emission factor shall be used which best approximates the residual product instead of using average GHG emission factor. The organization may use average data (e.g., secondary data) for the portion of the organization's product consumption that is not covered by contractual instruments if the organization can demonstrate that average data is the best approximate for the residual product.

Quality criteria for Statement 2 – use of CoC models for scope 3- part 2

GHGP draft text

Traceability requirements are under discussion in AMI TWG.

PROPOSAL:

- Statement 2: Companies using certificates in statement 2 shall use a system of record and should use chain of custody models where available.

Proposed ISO text

N.3.3. Scope 3***Continued from other slide...***

- the organization shall only use specified characteristics provided by an independent chain of custody system (e.g., a registry) that keeps track of the market activity covered by the system boundary of the book-and-claim model,
- the chain of custody system shall ensure that there is no double-counting of the specified characteristics within the system boundary of the book-and-claim model and should provide data for the residual product,
- the claim associated with book-and-claim model shall be unique to the specified characteristic along the value chain
- the specified characteristics shall be tracked and associated contractual instruments shall either be redeemed, retired or cancelled by, or on behalf of, the organization.
- the specified characteristics shall be associated with products that are within the reporting boundary
- the GHG emission factor derived from the specified characteristics shall be associated with physical quantities (e.g., kg CO₂e/kg of material).

If a chain of custody model includes avoided emission for impacts of products with attributed specified characteristics purchased and consumed by the organization, then those avoided emission impacts associated with those specified characteristics shall not be used in scope 3 emissions quantification in Statement #2.

The specified characteristics information provided by the book-and-claim model and used for quantification scope 3 emission of the organization should be third-party verified.

Traceability and chain-of-custody models*

GHGP draft text

- Traceability requirements are under discussion in AMI TWG.
- The latest working draft is posted below – still under discussion. The below would likely not allow mass balance CoC approaches be used for reporting in physical inventory, only identity preserved, segregation and controlled blending.

PROPOSAL:

- Statement 1: Companies may have any level of physical traceability and may use any traceability system. Companies shall calculate emissions using the average emission factor corresponding to the most precise level of physical traceability they have (e.g. supply shed/sourcing region, jurisdiction or other).
- Companies do not need to use chain of custody models but may do so.
- Statement 2: Companies using certificates in statement 2 shall use a system of record and should use chain of custody models where available.

Proposed ISO text

For Statement 1, Clause N.2 applies:

*"When the organization purchases and consumes products that result in scope 1 emissions (e.g, fuels, fertilizers) reported in Statement #1 and uses chain of custody models for those products, the organization **shall only** use identity preserved model, segregated model, controlled blending model, or mass balance model with rolling average percentage method for those products. The organization **shall** only use chain of custody models for those products resulting in scope 1 emissions in Statement #1 that have specified characteristics physically present in its content and physically delivered to its site where the products are consumed in the reporting year."*

For Statement 2, Clause N.3 applies (see slides 12, 13, and 14)

* This topic is under discussion within AMI TWG

Table N.1. Chain of custody models used in quantification of organizations' GHG emissions
GHGP draft text

- Are there any updates on the ISO Annex N CoC table?

GHG quantification approach >>>		Quantification approach #1	Quantification approach #2	Quantification approach #3
GHG quantification approach requirements related to Chain of custody models	GHG quantification method	Attributional	Attributional	Consequential
	Data requirements	Primary and secondary data <i>without</i> residual inputs	Primary and secondary data <i>with</i> residual inputs	Primary and secondary data <i>with</i> residual inputs
	Physical traceability and connectivity in Chain of custody model	Required	Optional	Optional
	Organizational GHG accounting type	Inventory	Inventory	Intervention
Chain of custody models used in organizations' GHG inventory	Identity preserved	Allowed	Allowed	Allowed
	Segregated	Allowed	Allowed	Allowed
	Controlled blending	Allowed	Allowed	Allowed
	Mass balance (rolling average)	Allowed if physically traceable	Allowed	Allowed
	Mass balance (credit-based)	Not allowed	Allowed with guardrails (technical feasibility) and residuals	Allowed with guardrails
	Book-and-claim	Not allowed	Allowed with guardrails (technical feasibility) and residuals	Allowed with guardrails
	Electricity (special case of Chain of custody model)	Location-based method	Market-based method	Marginal emission factors

Proposed ISO text

- This table was removed from WD2, the Annex N is applied to only statement #1 and #2 as quality criteria and requirements are written as a text. See Annex N in WD2 revised version N359 document shared by WG4.

Claims: Statement 2*

GHGP draft text

Key question: What claims are appropriate for statement 2?

Examples of potential claims:

Purchase claims

- We purchased X
- We bought attributes equal to our X use
- We matched 100% of our X consumption
- We matched our consumption of X with attributes to non-deliverable supply
- We matched our consumption of X with attributes to deliverable supply

Impact claims

- We caused an increase in the supply of X
- We reduced emissions

Blended

- We reduced market-based emissions compared to base year
- We matched our consumption with attributes from non-deliverable supply which leads to reduction of X in our market-based inventory
- We achieved 50% of our 2030 target with physical inventory and we claimed 50% of our 2030 target through market-based inventory including market instruments

Proposed ISO text

- Claims enabled by Statement 2 are not addressed in WD2.

* This topic is under discussion within AMI TWG – no draft text yet available

Agenda

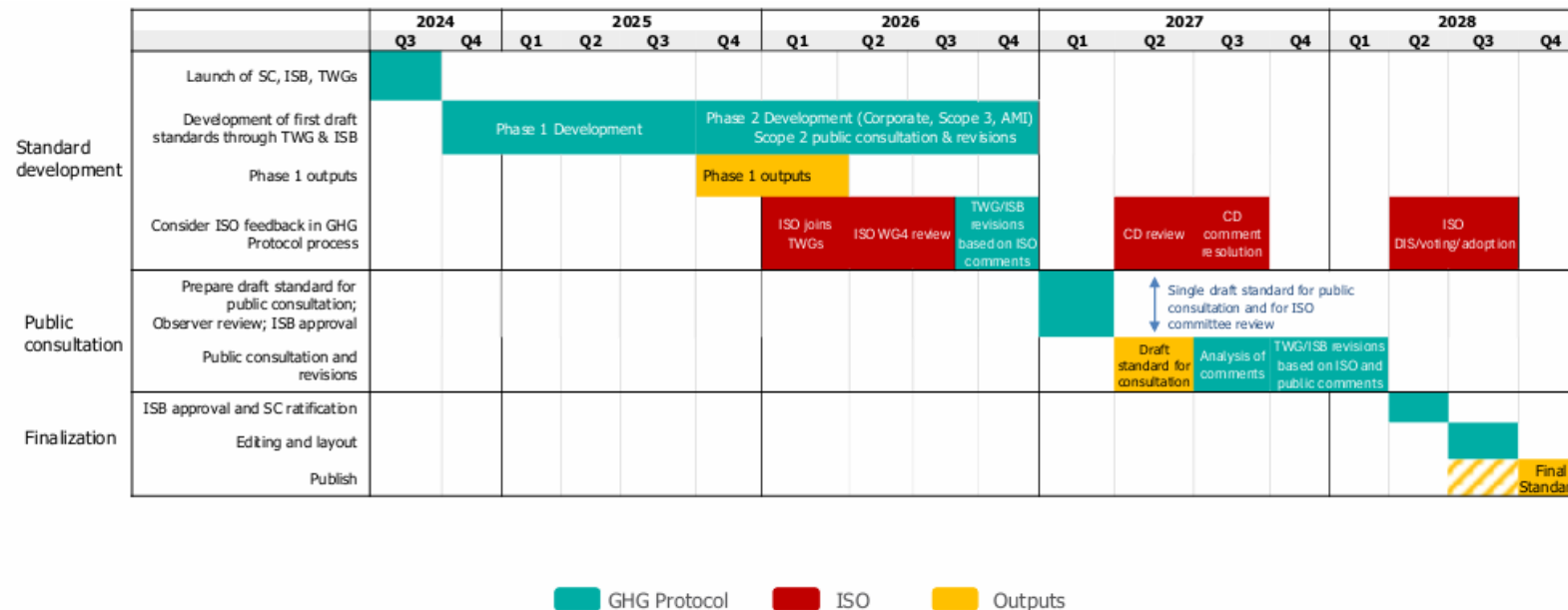
- Welcome & Housekeeping (5 min)
- RFI summary report – findings for Phase 2 (45 min)
- ISO 14064 WD2 Feedback related to AMI (60 min)
- Workplan until end of year (15 min)
- Subgroup status (45 min)



Timeline: moving towards a first draft

- Two key milestones:
 - The consolidated Corporate Standard (including AMI) will be sent out for public review in **Q2 2027**
 - To facilitate a final review and approval for this timeline, a complete draft of the AMI Standard will be sent to the ISB for final review at the **end of January 2027**

Figure 2. Workplan and timeline



Key dates through publication

Date	Topic
Sep 09	TWG meeting 2.08 - RFI, ISO feedback and subgroup status
Sep - Oct	Secretariat drafts Standard, polling TWG members and convening subgroups as necessary
Sept 22	Secretariat presents key AMI topics to ISB for preliminary feedback
Oct 07	TWG meeting 2.09 - Plan for Standard drafting, ISO Feedback II
Nov 02	Secretariat shares draft of Standard with TWG
Nov 04	TWG meeting 2.10 – Discussing draft Standard
Nov 18	Secretariat presents key AMI topics to ISB for preliminary feedback
Nov 20	TWG provides formal feedback on draft Standard
Dec 02	TWG meeting 2.11 – Discussing draft Standard
Dec - Jan	Secretariat integrates TWG feedback into draft standard, convening task forces to explore topics as necessary
Jan TBD	Draft Standard shared with TWG for red flag review and finalization

Agenda

- Welcome & Housekeeping (5 min)
- RFI summary report – findings for Phase 2 (45 min)
- ISO 14064 WD2 Feedback related to AMI (60 min)
- Workplan until end of year (15 min)
- Subgroup status (45 min)



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Subgroup outcomes: Double counting and mutual exclusivity

- TWG members explored examples that highlight double counting and mutual exclusivity considerations across the various intersections within and across reporting companies
- The Secretariat will synthesize feedback to produce draft quality criteria requirements that match to each identified intersection

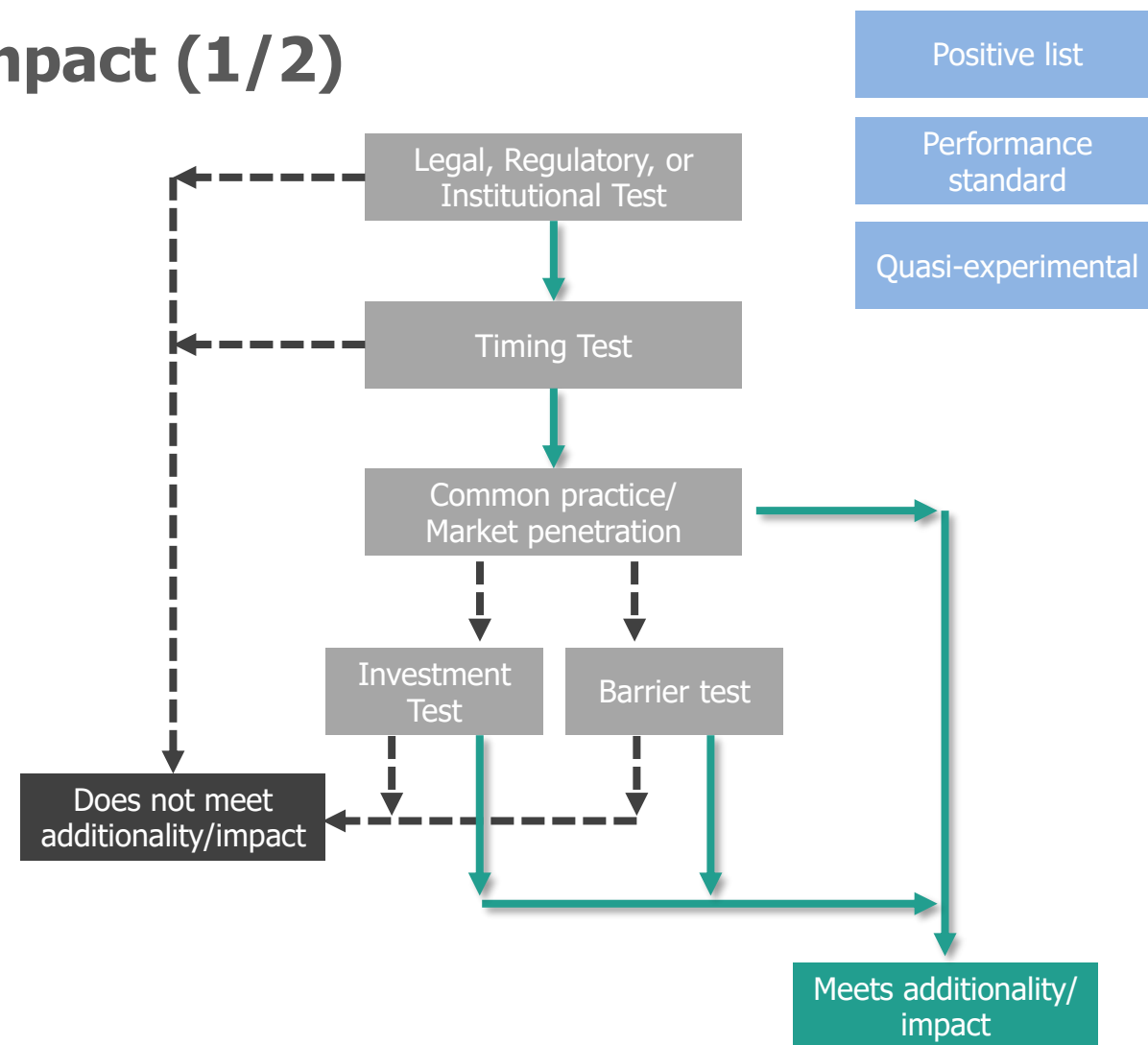
	Statement 1	Statement 2	Statement 3
Statement 1	x	Intersection 1	Intersection 2
Statement 2	x	x	Intersection 3
Statement 3	x	x	x

	Company A Statement 1	Company A Statement 2	Company A Statement 3
Company B Statement 1	Intersection 4	Intersection 5	Intersection 6
Company B Statement 2	x	Intersection 7	Intersection 8
Company B Statement 3	x	x	Intersection 9

Subgroup outcomes: Additionality/impact (1/2)

Topics agreed:

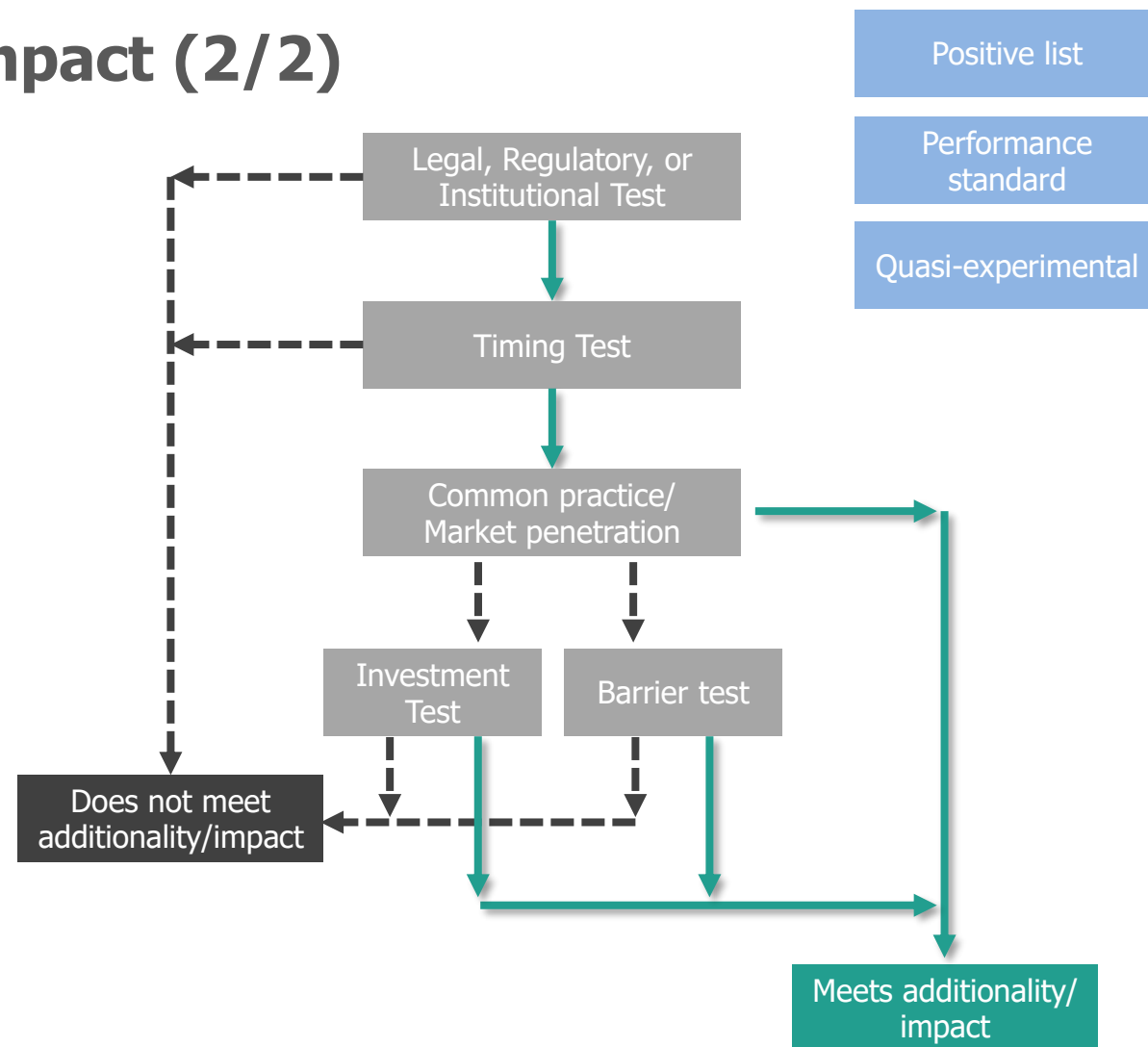
- Project-level assessments for statement 2 and 3 can be performed by either the entity doing the intervention, or by the scheme operator.
- To demonstrate additionality/impact at project-level, the following tests shall be used:
 1. Legal, Regulatory, or Institutional Test (this refers to enforced laws)
 2. Timing test
 3. Common practice/market penetration
- If the three tests result positive, the intervention meets the additionality/impact assessment.
- If 1 or 2 result negative, the intervention does not meet the additionality/impact assessment.
- If 1 and 2 result positive, but 3 results negative, either of the following tests shall be used to demonstrate additionality/impact:
 - a) Investment test
 - b) Barrier test
- If 1 and 2 result positive, and a or b also results positive, the intervention meets the additionality/impact assessment.
- Positive list, performance standard and quasi-experimental can be allowed at the program level, since they are an output of the other tests.



Subgroup outcomes: Additionality/impact (2/2)

Open questions:

- Define terminology (e.g. system level impact)
- How to perform a market or system-level assessment.
- If the market or system-level assessment can be designed in a way that can substitute the project-level assessment.
- Define length of revision cycles for both, project-level assessment and market or system-level assessment (e.g. 5 years).



Subgroup outcomes: Traceability

Original objective of the subgroup

Address the interaction between the new traceability proposal and the regulatory additionality requirement.

- Which means that mass balance cannot be used to report in statement 1 and, if mass balance is used to meet a regulation, it cannot be reported in statement 2.

Outcomes

Members have different interpretations of the new traceability proposal regarding the role of mass balance (i.e. whether rolling average is allowed or not in statement 1).

- The Secretariat will draft a document to ensure alignment.

Scope 2 Standard supply service (SSS) will not be useful to address the issue of the interaction between the new traceability proposal and the regulatory additionality requirement.

- It is challenging and unfeasible because it requires estimating a baseline or threshold that corresponds to the impact of the regulation.
- It will lead to double counting if companies can use the regulation as a starting point, and then report additional instruments purchased on top of that.

Conclusion

- The intention of the subgroup was to address the scenario where a mass balance purchase would not be reflected neither in statement 1 nor in statement 2.
- However, the group shared challenges about regulatory additionality more broadly and its applicability to all instruments. These challenges go beyond the interaction with the new traceability proposal, and beyond mass balance.
 - The Secretariat will consider comments raised as input when drafting text for regulatory additionality.

Subgroup outcomes: Statement 2 design

Topics agreed

- **Quantity / volume matching**
 - Statement 2 should include an eligibility criteria related to quantity/volume matching, pending decisions on claims
- **Proposal on reporting structure**
 - TWG members made proposals for statement 2 reporting design using the following parameters:
 - **Completeness**
 - Members favored a complete inventory with the use of “sum of other categories” roll ups
 - **Aggregation / disaggregation**
 - Members favored reporting categories that contain instruments disaggregated to the level of the instrument attribute
 - **Residual emission factors**
 - Members expressed diverse views on the use of residuals, some suggesting conditional use and others suggesting that they are not feasible
 - **Dual reporting**
 - Members generally favored reporting only one total with clear instrument transparency, pending claims decisions
 - Secretariat will synthesize feedback and produce a combined proposal

Subgroup outcomes: Statement 2 claims

Topics discussed

- Instrument- and statement-level claims for statement 2 reporters
- Matching claims to two key criteria, additionality/impact and deliverability
 - Deliverability used to broadly refer to whether there is a possibility that a specific attribute could be included in the commodity or service that a reporter receives

Topics agreed

- No comparisons should be made across statements
 - Claims should only refer to comparisons within statements: year-over-year comparisons for statement 2
- Differentiation in claims within the statement should be limited as possible (1-2 different types of claims depending on criteria met)
- There is a need to strictly define 'emission reductions', as conflation between alike-but-distinct outcomes is creating confusion in design

Next steps

- Secretariat to make a proposal on definitions for emission reductions and similar terms
- Secretariat to apply updated terminology to claims matrix and circulate for straw poll

Subgroup outcomes: Statement 3 claims

Topics agreed

- Type of claim per intervention generally agreed: "Company X's intervention reduced emissions by X t-CO₂-e representing X% reduction compared to its [baseline], verified by Verifier Y"
- Additional evidence and context for auditors needs to be provided but not necessarily in public claim.
- Main claim elements agreed
- The reference point is generally the baseline scenario, "similarity" not to be limited to a similar product or project.
- Comparison information – such as comparison against total emissions (S1-3) – should not be included in the claim statement itself (in order not to imply compensation of physical inventory emissions as a result of intervention in St.3)
- Comparison information – such as comparison against another incomparable product or project - should not be included in the claim statement
- Induced emissions are not a reference point, to be seen in larger baseline context.

Open questions

- Aggregation of intervention outcomes on subcategory level which would enable claims on subcategory level (strong call in subgroup meeting while mixed picture in statement 3 design session)
- Terminology alignment (when to use Avoided emissions, reduced emissions,..) to be aligned with ISO and SBTI
- Definitions of value chain and supply shed need to be very clear to ensure no double counting within Statement 3 between categories. Interface to double counting subgroup.

Next steps

- Secretariat consolidates inputs and provides revised draft, including options if needed

Next steps

Drafting text for the Standard

- Secretariat will take the lead and may reach out to specific members for input.
- Secretariat will include options where relevant, for TWG members to weigh in.

Next TWG call

- Wednesday, October 7th

Thank you!

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