GREENHOUSE GAS PROTOCOL

Greenhouse Gas Protocol

Actions and Market Instruments

Phase 1 Progress Update
White Paper

Purpose, principles, key concepts, and options for multi-statement reporting of impacts of actions and market instruments in corporate greenhouse gas accounting

VERSION 3 - REQUEST FOR INFORMATION

March 2026

About this document

This document summarizes phase 1 progress of the Greenhouse Gas (GHG) Protocol Actions and Market Instruments (AMI) Standard Development Process. As defined in the Standard Development Plan,[1] phase 1 includes:

- Terms and definitions
- Accounting and reporting objectives and principles
- Determining additional reporting elements and associated quantification method(s) needed to address the impacts of actions and market instruments
- Defining the purpose, structure, and limitations of individual elements within the corporate GHG emissions report

This summary documents the current status of Technical Working Group (TWG) discussions. It is provided to give stakeholders information on key topics and options under development and is the basis for a request for information (RFI) on selected questions. Please note that this is not yet a formal public consultation under section 4.4 of the GHG Protocol *Standard Development and Revision Procedure*, since the AMI Phase 1 Progress Update White Paper is not yet a draft standard with requirements.

The AMI phase 1 request for information and feedback will begin on March 31, 2026 for a 60-day period until May 31, 2026 to solicit targeted inputs from interested stakeholders.

The contents of this paper and the results of the RFI will inform the further process to develop the complete draft GHG Protocol AMI Standard/Guidance as part of the GHG Protocol Corporate Standard Suite.

All phase 1 outcomes presented here, including proposed draft text, are subject to change, including based on stakeholder feedback received during the RFI period. The release of the complete draft AMI Standard/Guidance for formal public consultation is planned for 2027.

Disclaimer

All outcomes and draft text included in this document are works in progress, subject to change, and should not be construed as final standard text nor relied upon as advice. GHG Protocol is not responsible for reliance on nor actions taken based on the contents of this document.

[1] Available at: https://ghgprotocol.org/ghg-protocol-corporate-suite-standards-and-guidance-update-process.

Executive summary

Purpose of this document

This document summarizes outcomes from phase 1 of the process to develop the new Actions and Market Instruments (AMI) Standard/Guidance for corporate greenhouse gas (GHG) accounting and reporting, resulting from the GHG Protocol AMI Technical Working Group (TWG). It is designed to serve as a basis for further development of GHG Protocol AMI Standard/Guidance, inform interested stakeholders about the progress to date, and outline remaining issues to be addressed in phase 2 of the standard development process. This document also serves as a basis to invite interested stakeholders to provide feedback via a request for information (RFI).

The most significant development proposed in the document is the introduction of a multi-statement GHG accounting and reporting structure. This would provide companies and stakeholders with a more transparent and comprehensive framework for reporting impacts of a company's mitigation interventions and activities. The proposal is a direct response to stakeholder feedback for increased clarity and consistency on how the impacts of actions and market instruments should be quantified and reported. Reporting in this way would strengthen the integrity of GHG accounting and reporting and respond to stakeholder requests for additional ways to report on actions and market instruments including investments in decarbonization that may not already be reflected in the GHG inventory. The proposed multi-statement approach would allow for interoperability with other voluntary and regulatory GHG reporting and target-setting programs.

In addition to introducing a multi-statement GHG reporting structure, this document also introduces objectives, definitions, and principles for GHG accounting and reporting on actions and market instruments.

The document reflects TWG members' contributions and considers the work of related initiatives in this field.[2]

Need for a Standard on Actions and Market Instruments (AMI)

Many organizations influence emissions within and beyond their value chain in ways that are currently not reflected in GHG reporting because these impacts take place outside the organization's physical GHG inventory accounting boundaries.

By standardizing how companies account for and report on mitigation activities, the AMI Standard/Guidance will empower companies and investors to report the impact of these efforts with greater clarity and credibility. Clear guidance on how to account for actions and market instruments in GHG reports across sectors is expected to help unlock investments in decarbonization while strengthening the integrity of GHG accounting and reporting, as well as providing meaningful information to various stakeholders.

The AMI Standard/Guidance intends to address the reporting of low-carbon contractual investments, such as in the electricity sector (e.g., virtual power purchase agreements), industry (e.g., green steel,

[2] Such as AIM Platform, Science Based Targets initiative (SBTi), Task Force for Corporate Action Transparency (TCAT), Value Change Initiative (VCI), World Business Council for Sustainable Development (WBCSD) avoided emissions guidance, among others (refer to References for details).

chemicals, and cement certificates), transport (e.g., biomethane certificates and sustainable aviation fuel), and agriculture.

The AMI Standard/Guidance will focus on cross-sector accounting and reporting approaches, principles, quality criteria, and safeguards that apply at a general level across sectors, rather than providing sector-specific details or approaches for specific types of actions and market instruments. Additional sector-specific, program-specific, or jurisdiction-specific guidelines are expected to be necessary to complement the general foundation provided by the AMI Standard.

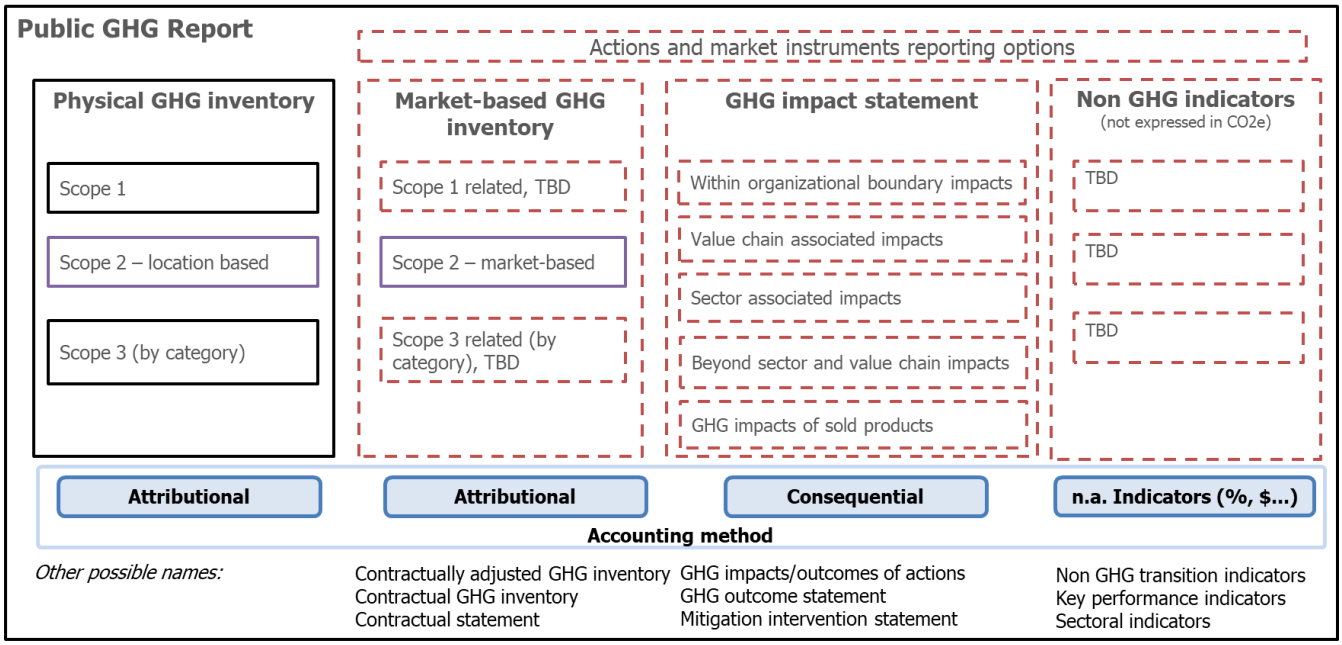
A multi-statement GHG reporting structure

Introducing a multi-statement GHG reporting structure to supplement but not replace the physical inventory is one of the central proposals for the AMI Standard/Guidance. Different GHG accounting methods provide different information and serve different purposes.

A total of four statements are under consideration for the multi-statement reporting structure (figure ES.1):

1. Physical GHG inventory
2. Market-based GHG inventory
3. GHG impact statement
4. Non-GHG indicators

Figure ES-1. Reporting statements under consideration



Notes:

1. The above are options for additional statements to account for and report on the impacts of actions and market instruments complementary to the physical GHG inventory.
2. Solid lines are current elements in published final or draft standards. All elements in red dotted lines are possible future elements, to be determined and subject to change. Purple elements are addressed by the Scope 2 Standard/Guidance.
3. Names of statements reflect the current majority view of the AMI TWG. They are draft and subject to change. Alternative names are listed below the statements.

4. Each statement would include a substructure of individual reporting elements or accounting categories as illustrated. Specific disaggregation categories as well as overall statement structure are subject to change and further development.
5. Each statement includes separate reporting of emissions and removals.

The proposed multi-statement reporting structure seeks to provide clarity on the appropriate accounting and reporting methods for each statement, with Statement 1 (physical GHG inventory) and Statement 2 (market-based GHG inventory) based on attributional accounting, Statement 3 (GHG impact statement) based on consequential accounting, and Statement 4 (non-GHG indicators) based on key performance indicators (KPIs).

Decisions have not yet been taken as to whether any newly proposed statements should be required or optional.[3] There has also been no decision yet on the extent to which statements may be mutually exclusive or overlapping in scope.

1. Physical GHG inventory—the foundation

The physical GHG inventory as established in the *GHG Protocol Corporate Accounting and Reporting Standard* (Corporate Standard) continues to serve as the foundation of corporate GHG accounting and reporting. It provides comprehensive accounting and disclosure of an organization's annual GHG emissions (and removals, if applicable) resulting from its operations and activities in its value chain across scope 1, scope 2, and scope 3, based on attributional accounting approaches.

In the physical inventory, emissions (and removals, if applicable) from a common activity pool are allocated to end users based on physical relationships and physical flows of goods and services. It allows chain of custody models that establish physical traceability to the reporting company. It also accounts for average emissions from a shared pool if the reporting company's physical traceability does not exceed that shared pool.

2. Market-based GHG inventory—making procurement and market choices visible

The market-based GHG inventory of emissions (and removals, if applicable) is complementary to the physical inventory. It allocates emissions associated with the reporting entity's activities from a common activity pool, based on qualified contractual arrangements for the purchase of goods and services (across scopes). It allows chain of custody models that establish contractual traceability from suppliers to the reporting company.

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.

The market-based GHG inventory may incorporate the existing scope 2 market-based method and is expected to introduce new approaches for scope 1 and scope 3.

[3] No changes will be made in the AMI TWG regarding the requirements for scope 2 location-based and market-based reporting. Refer to the Scope 2 TWG materials for scope 2 updates.

By maintaining clear separation from the physical GHG inventory, the market-based GHG inventory ensures that claims about procurement and market choices are transparent. It also maintains the integrity of the company's physical GHG inventory.

3. GHG impact statement—transparent and consistent reporting of intervention impacts and contributions

The GHG impact statement provides a dedicated, structured statement for reporting on the impacts of actions taken by the reporting company inside and outside its value chain (e.g., emissions avoided, reduced, or removed). It applies to actions such as projects, interventions, investments, production/sale of products, and purchase/consumption of products.

This statement uses consequential accounting methods that aim to quantify the global change in GHGs in the atmosphere resulting from a given action. This involves estimating the GHG impacts of an action relative to a credible baseline scenario in which the action did not occur.

The statement is expected to include separate reporting of GHG impacts into multiple categories. The TWG is exploring the following impact categories (listed in order from closest to the reporting company to global), with a separate category for GHG impacts of sold products:

- Within organizational boundary impacts
- Value chain associated impacts
- Sector associated impacts
- Beyond value chain and sector (i.e., global) impacts
- GHG impacts of sold products (e.g., avoided emissions from product use)

By maintaining clear separation from Statements 1 and 2 (physical GHG inventory and market-based GHG inventory), the GHG impact statement would ensure that claims about mitigation impacts, avoided emissions, credits, and other impacts based on consequential accounting are transparent and reported separately from statements using attributional accounting methods.

4. Non-GHG indicators—key performance indicators not expressed in CO_2e

This statement provides a standardized reporting structure for various metrics and indicators not expressed in CO_2 equivalent (CO_2e) but that might influence organizations' decarbonization actions and other decisions. Examples may include financing contributions to mitigation projects, the percentage of procurement or products sold that meet defined criteria, intensity metrics, or other KPIs. These metrics can sometimes serve as leading indicators before outcomes are established and visible in the other statements.

A statement on non-GHG indicators would allow for additional means of reporting on climate mitigation progress through metrics, separately from attributional and consequential GHG accounting.

Inclusive multi-stakeholder process

The AMI TWG operates through an inclusive, multi-stakeholder process under the governance of the GHG Protocol. The TWG consists of representatives from businesses across sectors, associations, nongovernmental organizations, academia, government, and GHG programs. To promote alignment

across the GHG accounting, reporting, and target-setting ecosystem, the GHG Protocol has convened related initiatives within the TWG, such as the Science Based Targets initiative (SBTi), CDP, International Social and Environmental Accreditation and Labelling (ISEAL), the AIM Platform, Value Change Initiative (VCI), the Voluntary Carbon Markets Integrity Initiative (VCMI), the Task Force for Corporate Action Transparency (TCAT), and World Business Council for Sustainable Development (WBCSD).

All outputs from the AMI TWG are reviewed by the GHG Protocol Independent Standards Board for decision-making and approval.

Outlook

The RFI feedback on this white paper will inform further development of the AMI Standard/Guidance. Phase 2 of the TWG work started in January 2026 and will focus on further developing the multi-statement reporting structure and accounting and reporting requirements.

Following the agreement between the International Organization for Standardization (ISO) and the GHG Protocol launched at New York Climate Week 2025, the AMI standard development process from Q1 2026 onwards involves experts from ISO as members of the AMI TWG to support alignment and harmonization, alongside the joint ISO-GHG Protocol development of ISO 14067/Product Life Cycle Standard revision in TC207/SC7/JWG8. The revision of ISO 14067 will incorporate chain-of-custody provisions drawing on series of standards from TC308 (ISO 22095), enabling the AMI TWG to align with ISO's work on chain-of-custody models in product carbon footprints and ensure continued harmonization between organizational- and product-level GHG reporting.[4]

Phase 2 is expected to include:

- The development of eligibility criteria, quality criteria, and safeguards for each statement.
- Testing of the practicality of the statements.
- Considering the use of residual emission factors in Statement 2 (market-based GHG inventory).
- Setting boundaries between sub-categories in Statement 3 (GHG impact statement).
- Determining whether each statement should be required or optional.
- Further developing definitions and calculation methods.
- Determining the level of physical connectivity/traceability for eligibility of instruments in Statements 1 (physical GHG inventory) and 2 (market-based GHG inventory).[5]
- Coordinating with the Scope 2 TWG on how to further develop recently proposed consequential accounting methodologies for the electricity sector within Statement 3 (GHG impact statement).

Further questions to address in phase 2 are outlined in Annex A.

[4] Refer to Annex D with an extract from ISO14067_WD2 on application and eligibility of Chain of Custody Models in the context of carbon footprinting.
[5] Scope 2-related requirements remain the remit of the Scope 2 TWG.

The topics considered in phase 2 may necessitate the revisiting of topics considered in phase 1. The content of this white paper is therefore subject to change and should not be construed as final standard text nor relied upon as advice.

Contents

1. Introduction

GHG Protocol launched the process to develop the Actions and Market Instruments (AMI) Standard in order to provide clear requirements and guidance for accounting and reporting on the impacts of actions and market instruments in GHG reports and to address key reporting challenges. It stems from recognition of a market need for comprehensive guidance and incorporates stakeholder survey feedback solicited at the beginning of the process. While survey respondents suggested a range of accounting and reporting approaches, there was a common request for additional clarity on the accounting objectives, reporting structure, and potential for inclusion of various types of actions and instruments within GHG Protocol's accounting and reporting standards. Respondents also suggested conditions, criteria, and safeguards for the reporting of instruments, including but not limited to those in use by other regulatory or voluntary reporting programs. Survey feedback also highlighted a need for clearer roles among actors in the GHG accounting ecosystem, including GHG Protocol, target-setting programs and regulators.

The AMI Standard/Guidance will offer a rigorous framework for accounting and reporting on corporate actions and market-based instruments such as carbon credits, value chain interventions, chain-of-custody models, beyond-value-chain mitigation actions, avoided emissions, and related topics. It is designed for companies, governments, nongovernmental organizations (NGOs), and other stakeholders seeking credible, harmonized, and transparent approaches to quantify and report the GHG impact of these instruments and actions.

Development of the AMI Standard/Guidance is a response to the growing need for clarity and consistency in how such interventions are applied and disclosed, especially as climate finance and mitigation strategies become increasingly complex and subject to scrutiny. The standard is designed to be used alongside other voluntary and regulatory frameworks.

The AMI Standard/Guidance will focus on cross-sector accounting and reporting approaches, principles, quality criteria, and safeguards that apply at a general level across sectors. It will not provide sector-specific details or approaches for specific types of actions and market instruments. Additional sector-specific, program-specific, or jurisdiction-specific guidelines are expected to be necessary to complement the general foundation provided by the AMI Standard/Guidance.

For further information, see the AMI Standard Development Plan.

Ultimately, the AMI Standard/Guidance aims—by providing an accounting and reporting structure and requirements—to accelerate measurable GHG mitigation activities in line with GHG Protocol's vision and mission:

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

2. Precedent in and interface with GHG Protocol standards

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

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

Table 1. Overview of GHG Protocol standards and relevance for AMI Standard/Guidance

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

	factors (Chapter 7: 7.1 Required information for scope 2, p. 60).
Project Protocol	• Requirements and guidance for quantifying and reporting GHG impacts of projects.
Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects	• Sector-specific requirements and guidance for project accounting for the electricity sector.
Land Use, Land Use Change and Forestry (LULUCF) Guidance for GHG Project Accounting	• Sector-specific requirements and guidance for project accounting for the LULUCF sector.
Policy and Action Standard	• Requirements and guidance for quantifying and reporting GHG impacts of actions larger than projects.

The AMI Standard Development Process has interlinkages with the ongoing revisions of the GHG Protocol *Corporate Standard*, *Scope 2 Guidance*, and *Scope 3 Standard* as well as the recently published *Land Sector and Removals Standard*. The GHG Protocol Secretariat is ensuring coordination and alignment across workstreams. As AMI introduces a new multi-statement GHG reporting structure, the AMI workstream is addressing the new proposed statements, apart from the physical GHG inventory which is defined in existing GHG Protocol standards. The other workstreams (e.g., *Corporate Standard*, *Scope 3 Standard*) are updating standards relating to physical GHG inventories, while the Scope 2 workstream is updating both the scope 2 location-based and market-based methods. The Land Sector and Removals Standard focuses on the physical GHG inventory, while introducing new concepts related to traceability that pertain to AMI. The scope of work for each workstream and standard revision process is defined in its respective Standard Development Plan. Cross-references between standards will be made at a later stage.

Box 1. Value chain and Scope 3

Throughout this document, the term "value chain" is used in each statement. The meaning of value chain in the physical GHG inventory is aligned with its definition in the GHG Protocol Scope 3 Standard (i.e., Corporate Value Chain Standard). The Scope 3 Standard describes how upstream and downstream emissions associated with the reporting company's operations should be accounted for and reported across 15 categories, assuming the reporting company has physical traceability in its value chain activities. However, the terms "Scope 3" and "value chain" are not generally interchangeable.

The proposed multi-statement reporting structure in this document expands the concept of value chain reporting through a market-based GHG inventory (Statement 2). It uses the same reporting structure for scope 3 (e.g., disaggregated by the various scope 3 categories) based on qualified contractual arrangements for the purchase of goods and services.

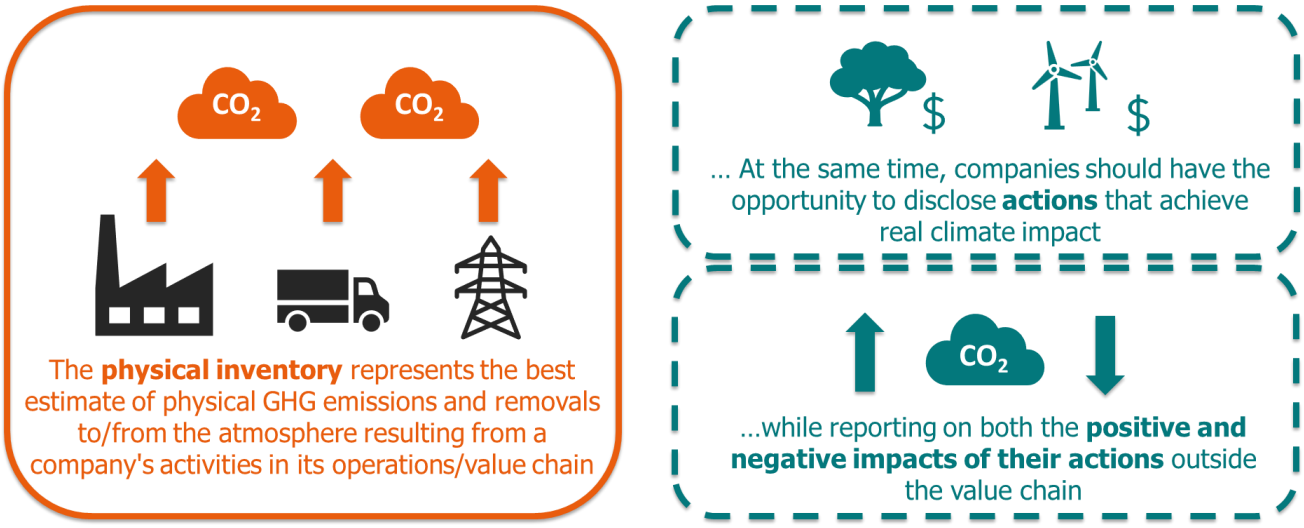
The GHG impact statement (Statement 3) uses a consequential accounting approach to report the outcomes of actions associated with value chains (e.g., a project at a supplier or sub-supplier), with sectors beyond the reporting company's specific value chain, or not directly linked to the reported activity (e.g., amount of material purchased for own supply). Specific boundaries for these subcategories are still to be defined, but they may be more broadly defined than the definition of value chain in the physical GHG inventory.

3. Need for multi-statement GHG reporting structure

Stakeholder feedback has consistently highlighted the need and value of reporting the GHG impacts of actions that are not reflected in the reporting company's physical GHG inventory (figure 1). The AMI Standard/Guidance intends to fundamentally improve and expand on the categories that are currently to be "reported separately" according to the *Corporate Standard*.

Through the AMI Standard/Guidance, GHG Protocol will develop a more comprehensive and transparent corporate GHG accounting and reporting structure, with disaggregated reporting of physical GHG inventory emissions and standardized new reporting element(s) for the impacts of actions and market instruments. Clear guidance on how to account for actions and market instruments in GHG reports across sectors is expected to unlock investments in decarbonization while strengthening the integrity of GHG accounting and reporting. It will also provide meaningful information to various stakeholders and allow for integration with other voluntary and regulatory GHG reporting and target-setting programs.

Figure 1. Reasons for disaggregated reporting



The AMI Standard/Guidance takes a cross-sector approach to addressing these issues, including:

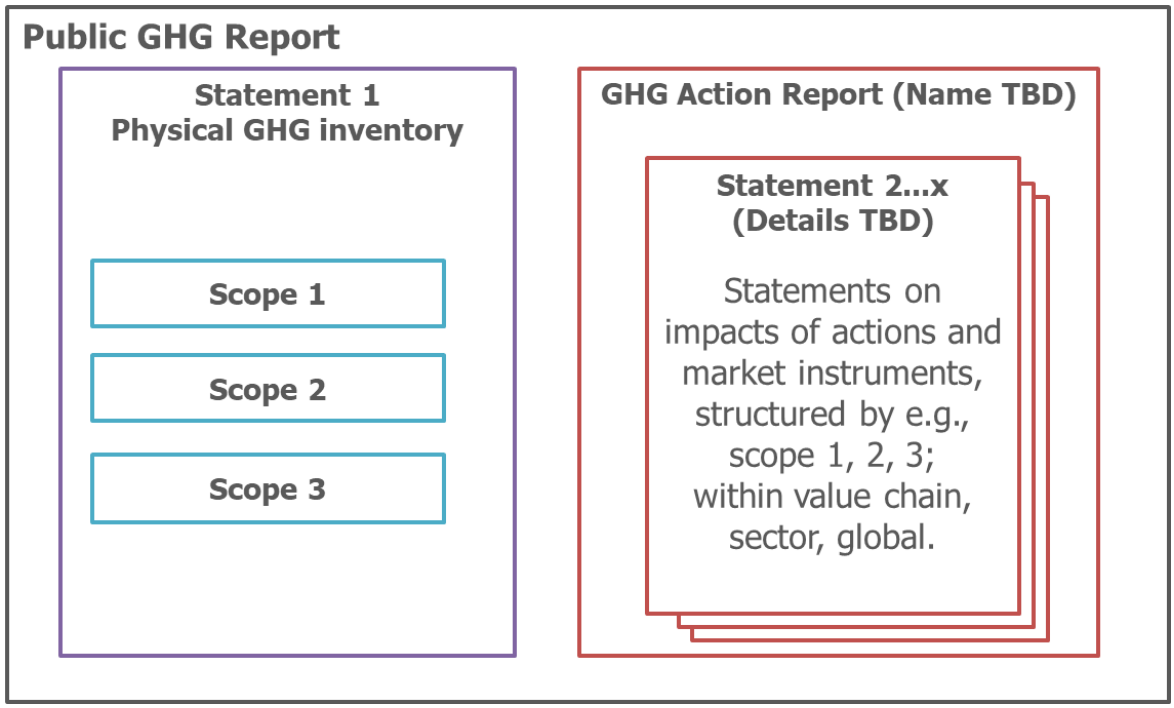
- Quantifying and reporting the GHG impacts of actions within and outside the reporting company's value chain that are not otherwise reflected in the physical inventory:
  - Positive (avoided emissions)

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

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

- A physical GHG inventory, organized by scope
- Further statements on the impacts of actions and market instruments to separately report elements with unique attributes (e.g., attributional vs. consequential approaches; in value chain vs. outside value chain; indicators not expressed in tonnes of CO_2e). Further detail on statements is provided in section 8.

Figure 2. Basic concept for a multi-statement model



Different GHG accounting methods provide different information and serve different purposes. A comprehensive GHG report can provide complete information by transparently disclosing the results from different methods. The structure will address the different needs and use cases behind the statements.

This structure would allow corporate reporters to transparently communicate the effects of impactful interventions, while maintaining the integrity of the physical GHG inventory, with disclosure of scope 1, scope 2, and scope 3 GHG inventories continuing to be based on physical GHG accounting principles.

4. Purpose, goals, and objectives of the AMI Standard/Guidance

The GHG Protocol AMI Standard/Guidance will provide requirements and guidance for companies and other organizations for how they account for and report on the impacts of actions and market instruments in GHG reports.

The purpose is to:

- Enable companies to account for and report on impactful decarbonization actions that are currently not reflected in the physical inventory, by establishing a credible, transparent multi-statement accounting and reporting framework
- Provide transparency in distinguishing between actions and market instruments accounted for under different statements in a GHG report, including those accounted for in the physical GHG inventory and those accounted for in other statements beyond the physical GHG inventory
- Strengthen the integrity and credibility of corporate climate action through rigorous, accurate, credible, and transparent GHG accounting and reporting approaches, providing a cross-sector standard that can be used as a foundation for sector-specific requirements and guidance
- Incentivize companies and financiers to make impactful investments in lower-carbon products, projects, and actions; enable stakeholders (e.g., investors and NGOs) to better evaluate the impacts and effectiveness of a company's decarbonization efforts; empower customers (B2B and B2C) to make informed procurement choices that support their own climate objectives

The goals and objectives are to:

- Support GHG programs and companies by providing accounting and reporting elements to help with setting and tracking progress toward decarbonization targets, and by setting safeguards and quality criteria to ensure the credibility of reported impacts
- Address the appropriate role of actions and market instruments within corporate GHG accounting and reporting, providing a comprehensive and transparent multi-statement accounting and reporting structure beyond the physical inventory, with disaggregated reporting between statements as well as within statements for the impacts of actions and market instruments
- Enable target-setting programs to make policy decisions on how various types of actions and market instruments could be recognized under corporate mitigation targets
- Improve the comparability and consistency of reported information across organizations, including by providing a list of commonly accepted terms and definitions of actions, instruments, impacts, and related concepts to create clarity and consistency

5. Key concepts, terms and definitions

This section provides working drafts of terms and definitions. The goal is to create a clear vocabulary for the AMI Standard/Guidance, in order to create a common language for actions, market instruments, and related concepts.

Several relevant definitions from GHG Protocol Standards and external sources were reviewed. In some cases, where sufficient maturity and alignment were observed, a single definition was selected for

inclusion. In other cases, where alignment was not observed, several potential definitions are included. These definitions will be used to facilitate further testing and discussion with the TWG so that a single definition may be produced.

The terms and definitions are grouped into the following sections:

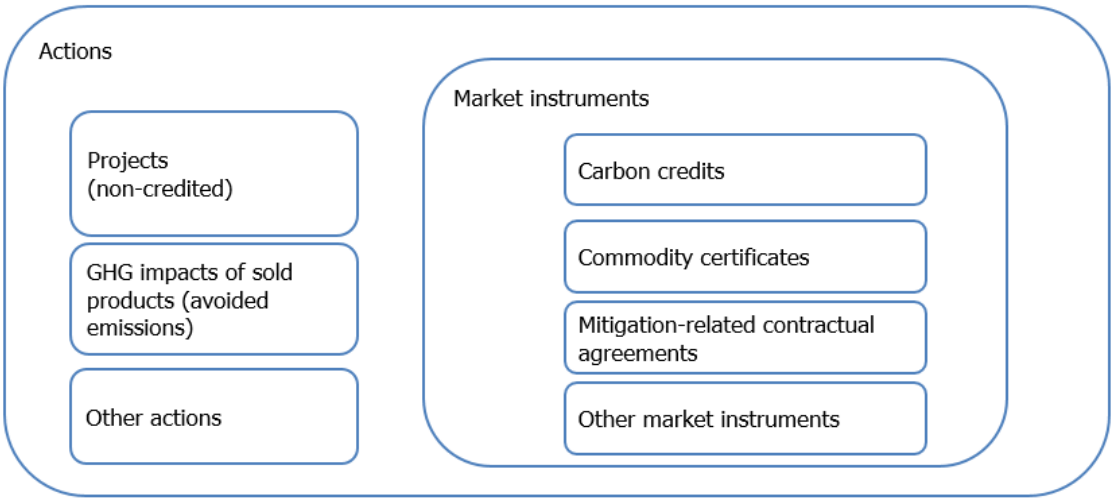
- 5.1: Actions and market instruments
- 5.2: Attributional and consequential accounting
- 5.3: GHG report, statement and inventory
- 5.4: GHG impact-related terms
- 5.5: GHG credit- and certificate-related terms
- 5.6: Traceability-related terms

Additional terms and definitions, such as GHG inventory terms and target-related terms, are provided in the glossary.

5.1 Actions and market instruments

Actions and market instruments are two broad categories intended to encompass the various areas contained within the AMI Standard/Guidance. The terms are not mutually exclusive, as figure 3 shows. Market instruments are a subset of actions, and both terms can be further differentiated.

Figure 3. Relationship between actions, projects, and market instruments



- **Action:** Project, investment/financing, production/sale of products, purchase/consumption of products, or other intervention or activity that leads to changes in GHG emissions and removals (without regard to inventory boundary).
    - Also called "intervention."
    - The term "action" includes market instruments, but is not limited to market instruments.

- **Mitigation action:** "A GHG-related activity that results in a measurable, verifiable, additional, and attributable reduction or removal of greenhouse gases from the atmosphere, relative to what would have occurred in the absence of the mitigation action." (TCAT, p. 40)
    - Mitigation actions are not limited to market instruments.
- **Project:** "A specific project or activity designed to achieve GHG emission reductions, storage of carbon, or enhancement of GHG removals from the atmosphere. GHG projects may be standalone projects, or specific activities or elements within a larger non-GHG related project." ("GHG Project" from *Corporate Standard*, p. 98)
    - GHG emission reductions/removals from projects can be credited or non-credited.
- **Market instruments**: A contractual arrangement between two or more parties that enables the creation, transfer, or claiming of GHG-related environmental attributes.
    - Market instruments include:
        a) carbon credits (see section 5.5 for additional terms and definitions)
        b) commodity certificates[6] (traded through a chain of custody)
        c) mitigation-related contractual agreements
        d) other market instruments
    - Market instruments have been developed for compliance/regulatory markets and voluntary markets.
    - Other terms for market instruments include market-based instruments, environmental attribute certificates (EACs).
    - Market instruments are designed to enable actions that result in GHG avoidance, reduction, or removal, and to address environmental externalities.
    - Market instruments are determined by contractual relationships. Instruments such as certificates or registry-issued documents serve only as designators or evidence of contractual rights to particular environmental claims.
    - The credibility of a market instrument depends on the robustness and transparency of the underlying data, governance, and assurance systems.
    - Market instruments may be tradable and can vary by type, specified characteristics, degree of connectivity to the reporting company, and by units and types of mitigation outcomes represented.

5.2 Attributional and consequential accounting

Differentiating and contextualizing actions and market instruments within corporate GHG accounting requires understanding two different types of accounting—attributional and consequential.

- **Attributional accounting** (also known as **inventory accounting**)**:** A type of GHG accounting that quantifies total GHG emissions (and removals and other accounting categories, if

[6] The term "commodity" is used here to refer to any type of product, not only commodities, and includes fuel, energy, and other types of products.

applicable) within a defined inventory boundary and time period.[7] Attributional accounting is often used to track annual progress relative to a historical base year.

- The subject of accounting can be an organization, a company, a product, a country, or other units of analysis (see figure 4).
- Corporate inventory accounting is a type of attributional accounting that is the primary method used by corporations and other organizations to report emissions from their operations and value chains. The attributional accounting approach requires reporting organizations to define clear organizational and operational boundaries, within which emissions are quantified and organized across scopes 1, 2, and 3.
  - Its rules and procedures are detailed within several GHG Protocol standards and guidance, including the *GHG Protocol Corporate Standard*, the *Scope 2 Guidance*, the *Corporate Value Chain (Scope 3) Standard*, and the *Land Sector and Removals Standard*.
- Attributional product life cycle assessment is "an approach to Life Cycle Assessment (LCA) where GHG emissions and removals are attributed to the unit of analysis of the studied product by linking together attributable processes along its life cycle." (*Product Life Cycle Accounting and Reporting Standard*)
- While attributional accounting serves many important objectives and provides important information and insights for climate action planning, performance tracking and reporting, changes in inventory totals cannot always provide signals or incentives that align corporate actions with impacts on atmospheric emissions.[8]

- **Consequential accounting:** A type of GHG accounting that estimates the impacts or changes in GHG emissions (and removals) resulting from specific projects, actions, or interventions relative to a baseline scenario in which the project, action, or intervention did not occur. It quantifies the systemwide or global change in GHGs in the atmosphere caused by an action, project, or intervention.
  - Consequential accounting includes multiple subcategories of methods, such as project accounting, policy/action accounting, and consequential LCA (see figure 4).
  - Project accounting is a type of consequential accounting that estimates the effects of projects on GHG emissions and removals relative to a baseline scenario. A baseline

[7] Other definitions include: 1) Attributional accounting: "Also sometimes known as allocational accounting. The assignment (attribution) of GHG emissions to the activities and processes a company uses to produce products and services." (TCAT, *Mitigation Action Accounting and Reporting Guidance*, p. 39); 2) Allocational GHG accounting: "Regularly estimating and/or measuring physical quantities (mass) of atmospheric GHG emissions and removals allocated to subjects (e.g., facilities, organizations, jurisdictions, countries) over time with comparability between subjects' estimates, time series consistency, completeness, and additivity to system-wide total emissions from the defined population of subjects. Allocation must entail physical (i.e., matter or energy) connection to the subject. The quantification of GHG emissions for each time period in the time series is a GHG inventory." (Greenhouse Gas Management Institute, *What is Greenhouse Gas Accounting? Furnishing definitions*)

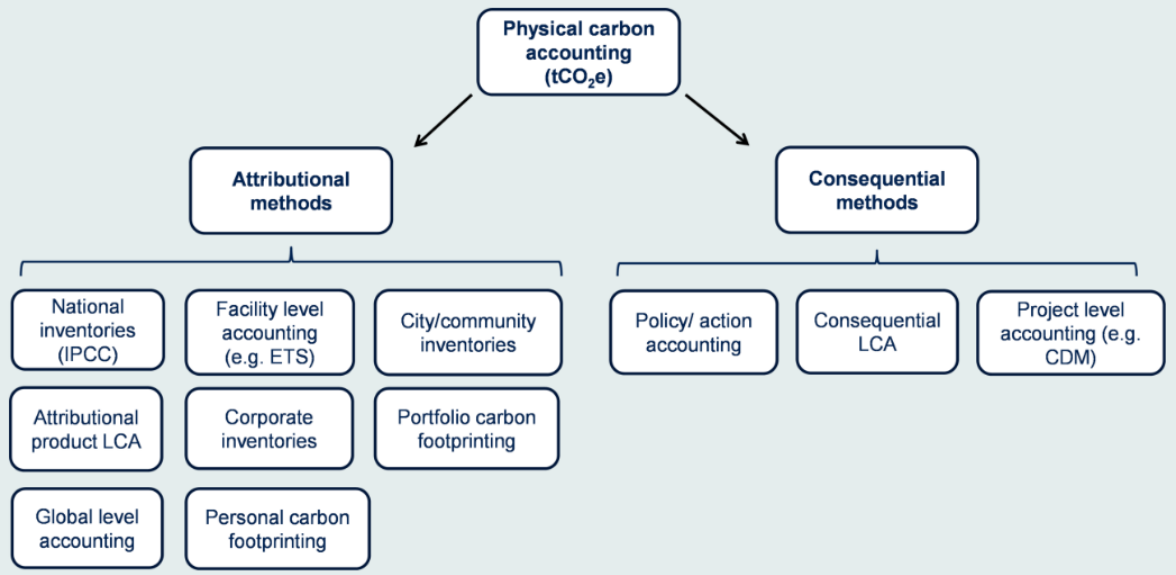
[8] For example: 1) changes in the electric grid mix as a result of regulatory action may lead to a decrease in scope 2 emissions for corporate reporters without any direct action by those reporters. 2) A shift from fossil fuel based products to biogenic products may decrease fossil fuel emissions within the inventory boundary of a reporting company, but secondary effects such as an increase in demand for biogenic products could lead to increased deforestation and other land emissions, either within a company's value chain or due to displaced production globally.

scenario is a reference case for the project activity describing what would have most likely occurred without the intervention, often referred to as a counterfactual baseline.

- Rules and procedures for project-level accounting have been detailed in the *GHG Protocol for Project Accounting* and its sector-specific supplements, the *Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects*, and the *Land Use, Land-Use Change, and Forestry (LULUCF) Guidance for GHG Project Accounting*.

- Policy/action accounting is a type of consequential accounting that quantifies the total changes in emissions and removals caused by policies and actions larger than projects, such as programs, strategies, portfolio changes, technological innovations, incentive schemes, investment programs, and regulations.
  - Rules and procedures for quantifying GHG impacts of actions larger than individual projects have been detailed in the GHG Protocol *Policy and Action Standard*.
- Intervention accounting is used as a broader term to refer to consequential accounting at any scale, including projects and actions larger than projects (inclusive of both project accounting and policy/action accounting).
- Consequential product life cycle assessment is "an approach in which processes are included in the life cycle boundary to the extent that they are expected to change as a consequence of a change in demand for the unit of analysis." (GHG Protocol *Product Life Cycle Accounting and Reporting Standard*).

Figure 4. Categorization of physical carbon accounting as attributional and consequential



Source: Brander (2021).

5.3 GHG report, statement, inventory

- **Accounting category:** A reporting element that represents a unique impact to the climate resulting from an entity's activities (e.g., emissions, removals, land use, land carbon leakage, gross CO_2 fluxes, product carbon storage, and reversals). An accounting category may be further disaggregated into accounting subcategories (*Land Sector and Removals Standard*).
- **GHG Action (or Mitigation/Impact /Intervention) Report** *(title TBD):* One or more statements (see section 8) reporting on actions/interventions taken by the reporting entity with impacts that are not represented in the physical GHG inventory.
- **GHG inventory:** A quantified list of an organization's GHG emissions (and removals, if applicable).[9]
- **GHG report:** A document disclosing a company's GHG inventory results, GHG impacts of actions taken by the company, the methods and data used, and any other relevant reporting elements to internal and external stakeholders. A GHG report can include multiple GHG statements.[10]
- **GHG statement:** A collection of reporting elements within a GHG report that are aligned by specific criteria (e.g., accounting approach, boundaries, and/or other criteria).[11]
- **Indicator**: A measurable variable used to track progress or assess conditions in a specific area, often to evaluate changes over time or performance against a set goal. (SBTi draft *Corporate Net-Zero Standard version 2.0*)
- **Physical GHG inventory:** An inventory of GHG emissions (and removals, if applicable) occurring within the reporting company's operations and value chain using inventory accounting methods, without double counting by the same entity, and independent of any GHG trades such as purchases or sales of allowances, offsets, and credits (*Land Sector and Removals Standard*).
- **Reporting element:** A component of a GHG statement that provides unique information.

5.4 Terms related to GHG impact

- **Additionality (options):**

[9] Terms and definitions from other sources: GHG Protocol *Corporate Standard* and *Scope 3 Standard*: "GHG inventory: A quantified list of an organization's GHG emissions and sources." ISO 14064-1:2018: "GHG inventory: List of GHG sources (3.1.2) and GHG sinks (3.1.3), and their quantified GHG emissions (3.1.5) and GHG removals (3.1.6)."

[10] Terms and definitions from other sources: *GHG Protocol Corporate Accounting and Reporting Standard*: "GHG public report: Provides, among other details, the reporting company's physical emissions for its chosen inventory boundary." (Chapter 9). *ISO 14064-1:2018*: "Greenhouse gas report (GHG report): standalone document intended to communicate an organization's or GHG project's GHG-related information to its intended users. A GHG report can include a GHG statement."

[11] Terms and definitions from other sources: ISO 14064-1:2018: "GHG statement: Factual and objective declaration that provides the subject matter for the verification or validation. *Note 1 to entry*: The GHG statement could be presented at a point in time or could cover a period of time. *Note 2 to entry*: The GHG statement provided by the responsible party (3.4.3) should be clearly identifiable, capable of consistent evaluation or measurement against suitable criteria by a verifier (3.4.11) or validator (3.4.12). *Note 3 to entry*: The GHG statement could be provided in a GHG report (3.2.9) or GHG project (3.2.7) plan."

1. A criterion often applied to GHG projects stipulating that project-based GHG reductions should only be quantified if the project activity "would not have happened anyway"—i.e., that the project activity (or the same technologies or practices it employs) would not have been implemented in its baseline scenario—and/or that project activity emissions are lower than baseline emissions (*GHG Protocol for Project Accounting*).
2. The intervention (e.g., project or activity) reduces emissions or increases removals relative to the amount of emissions or removals that would have occurred without the financial incentives provided by the credit (*Land Sector and Removals Standard*; in the context of quality criteria for GHG credits).
3. "Additionality is the extent to which something happens as a result of an intervention that would not have occurred in the absence of that intervention." (SBTi Glossary).
4. "The outcome would not have occurred without the intervention. This generally means showing that activities are not already financially viable, legally mandated, or fully financed under existing policies." (SBTi, *Corporate Net-Zero Standard version 2.0*, draft, p. 91).
5. "At the time of the decision to implement a mitigation activity, the outcomes of such an activity would not have occurred due to the absence of the incentives created by the carbon related revenues." (Value Change Initiative)
6. "The GHG emission reductions or removals from the mitigation activity shall be additional, i.e., they would not have occurred in the absence of the incentive created by carbon-credit revenues." (Integrity Council for the Voluntary Carbon Market)
7. "A proposed activity is additional if the recognized policy interventions are deemed to be causing the activity to take place. The occurrence of additionality is determined by assessing whether a proposed activity is distinct from its baseline. A baseline is a prediction of the quantified amount of an input to or output from an activity resulting from the expected future behavior of the actors proposing, and affected by, the proposed activity in the absence of one or more policy interventions, holding all other factors constant (ceteris paribus). The conditions of a baseline are described in a baseline scenario." (GHG Management Institute)
8. "Additionality, as a concept, describes the relationship between cause and effect. For any cause and effect, the effect can be described as being additional if it would not have occurred in the absence of the cause." (ISO 14064-2)

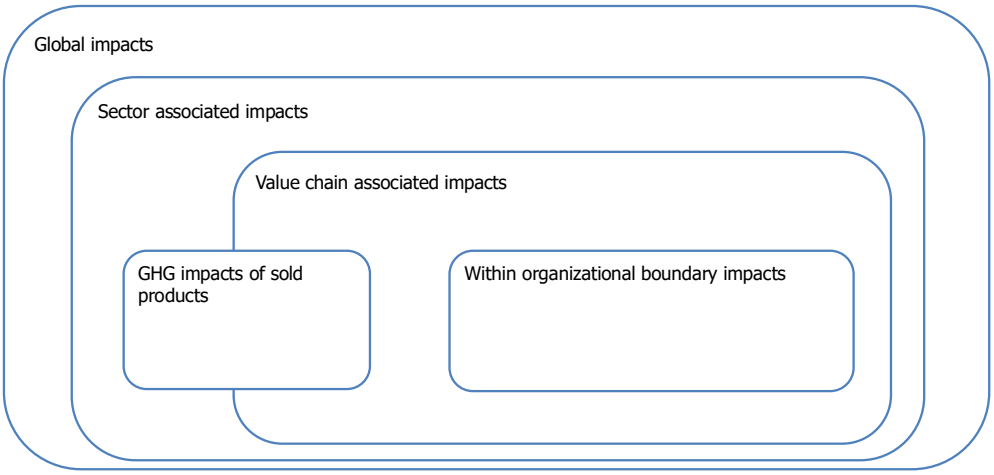
- **Avoided emissions:** GHG emissions that are prevented as a result of a company's action(s), compared to a baseline scenario without the action(s) (*Land Sector and Removals Standard*).
- **Avoided emissions from the use of sold products:**
    - Avoided emissions in society that result from the use of a company's products and solutions compared to alternative products and solutions. (*Scope 3 Standard*)
    - Avoided emissions focus on the GHG benefits generated by solutions that the reporting organization offers to its customers (e.g., goods, services, policy). They compare the emissions of a solution (such as an initiative or a product) with the emissions under a counterfactual/baseline scenario. Avoided emissions are normally quantified over the life cycle of the solution, but they may sometimes be quantified over a fixed period (ISO 14064-1 draft "Definition of avoided emissions.")

  - "The estimated difference in full life cycle GHG emissions that result from a scenario with a solution in place, compared to a reference scenario without the solution when reference scenario emissions are higher (ISO 14064-1). This reduction occurs in other actors' direct emissions." (WBCSD *Guidance on Avoided Emissions*, p. 74)

- **Avoided removals:** Removals that would have otherwise happened, but that, as a result of a company's activities, did not happen. (*Land Sector and Removals Standard*).
- **Emission reduction:** A decrease in GHG emissions relative to baseline emissions (adapted from *GHG Protocol for Project Accounting*).
- **Enhanced removals:** An increase in removal and storage of GHGs from the atmosphere, relative to baseline removals (adapted from *GHG Protocol for Project Accounting*).
- **Ex-ante assessment:** Quantifying expected future (forward-looking) GHG impacts of an action (adapted from *Policy and Action Standard*).
- **Ex-post assessment:** Quantifying historical (backward-looking) GHG impacts of an action (adapted from *Policy and Action Standard*).
- **GHG assessment boundary:** The scope of a GHG impact quantification in terms of the range of GHG impacts, sources and sinks, and greenhouse gases that are included in the assessment (adapted from *Policy and Action Standard*).
- **GHG impacts of actions**
  - **Within organizational boundary impacts:** Quantified GHG impacts of actions implemented by the reporting company within its organizational boundary (which are not reported in other statements).
  - **Value chain associated impacts:** Quantified GHG impacts of actions implemented by the reporting company within its value chain, outside of its organizational boundary (which are not reported in other statements).
  - **Sector associated impacts:** Quantified GHG impacts of actions implemented by the reporting company within its key sector(s), outside of its value chain (which are not reported in other statements).
  - **Beyond value chain and sector (global) impacts:** Quantified GHG impacts of actions implemented by the reporting company outside of its sector (which are not reported in other statements).
  - **GHG impacts of sold products:** Quantified change in system-wide GHG emissions resulting from the use of products sold by the reporting company relative to emissions in a counterfactual baseline scenario, typically quantified over the life cycle of the solution (product/good or service).

  Note: Some categories (e.g., value chain associated impacts and sector associated impacts) may be merged in phase 2 of the AMI Standard Development Process. If they remain distinct, specific definitions, criteria, or tests to differentiate "value chain" and "sector" will be developed in phase 2 (including building on or referring to external initiatives).

Figure 5. Relationship of GHG impact categories from reporting company to global



Note: Categories are from the perspective of the reporting company.

- **Leakage:** A phenomenon that occurs when corporate actions lead to increased emissions and/or decreased removals outside of a company's traditional inventory boundary.
    - **Leakage effects:** Negative impacts on emissions and removals outside the company's inventory boundary caused by a company's activities to reduce emissions or increase removals within the inventory boundary.
    - **Land carbon leakage (accounting category):** A specific type of leakage, driven by increased demand for agricultural products and a fixed amount of global land, that occurs when corporate actions displace food or feed production to locations beyond the lands in their operations or value chain, leading to agricultural expansion and land use change (*Land Sector and Removals Standard*).
- **Market-mediated effects**: Effects of an action, such as substitution or displacement effects, resulting from supply and demand dynamics (adapted from *Policy and Action Standard*).

5.5 GHG credit and certificate related terms

- **Carbon credit** (also called **GHG credit**): A convertible and transferable instrument usually bestowed by a GHG program, representing the reduction, avoidance, or enhanced removal of a specified amount of GHG emissions (typically equivalent to one metric tonne of CO_2), not necessarily used as an offset.
    - Carbon credit: "A tradable intangible instrument that is issued by a carbon-crediting program, representing a GHG emission reduction to, or removal from, the atmosphere equivalent to one metric tonne of CO_2e. This is calculated as the difference in GHG emissions or removals from a baseline scenario to the emissions or removals occurring under the mitigation activity, and any adjustments for leakage. The carbon credit is uniquely serialized, issued, tracked, and retired or administratively cancelled by means of an electronic registry operated by an administrative body, such as a carbon-crediting program." (ICVCM)

- Credited GHG reductions or removal enhancements are quantified using project or intervention accounting methods.
- In certain applications, carbon credits are sometimes referred to as "offsets" or "insets," depending on how the carbon credit is used and based on whether the credit is generated from projects or interventions occurring inside or outside the reporting company's value chain. In other applications, carbon credits are not used for making offsetting or insetting claims.

- **Commodity certificates**:
  - Commodity certificates are instruments that represent the environmental attributes of an underlying good, product, or service. Attributes can be binary (e.g., renewable energy versus non-renewable) or metric-based (e.g., low-carbon coffee, with an emission factor of X)"
  - Commodity certificates convey "the environmental or sustainability performance (e.g., GHG emissions intensity) of a commodity or material like timber, agricultural products, and metals" (SBTi *Draft Corporate Net-Zero Standard V2 Explained*).
- **Emissions reduction credits** represent a reduction or avoidance of GHG emissions relative to baseline emissions associated with an intervention (*Land Sector and Removals Standard*).
- **Energy Attribute Certificate (EAC)**: "A category of contractual instrument used in the energy sector to convey information about energy generation to other entities involved in the sale, distribution, consumption, or regulation of electricity. This category includes instruments that may go by several different names, including certificates, tags, credits, etc.," (*Scope 2 Guidance)*
- **Environmental Attribute Certificate (EAC):** A term sometimes used to refer to both carbon credits and commodity certificates.
  - *Note:* As EACs summarize two different types of market instruments, this paper does not use the aggregate term EAC but refers instead to the specific instruments (e.g., carbon credits or commodity certificates).
  - SBTi definition: "EACs are instruments that are used to convey environmental- or sustainability-related characteristics of a given activity or commodity." SBTi includes both carbon credits and energy and commodity certificates in the definition of EAC. (SBTi, *Draft Corporate Net-Zero Standard V2 Explained*https://sciencebasedtargets.org/blog/draft-corporate-net-zero-standard-v2-explained-environmental-attribute-certificates).
  - TCAT definition: "Certificates that are issued by registries and 'book and claim' systems that represent: (1) the environmental "attributes" or characteristics of an underlying good, product, or activity (e.g., 1MWh of renewable energy produced); and/or (2) an amount (e.g., one tonne of CO_2e) of emission reduction, storage, or removal of GHGs resulting from a mitigation action expressed in metric tons of CO_2e reduced or removed (i.e., carbon credits); or (3) an emissions intensity factor per unit of an underlying good, product or service." (TCAT, p. 40)
- **GHG program:** A generic term used to refer to any voluntary or mandatory international, national, subnational, government, or nongovernmental authority that registers, certifies, and/or regulates GHG emissions or removals (*Land Sector and Removals Standard*).

- **Removal enhancement credits** represent an increase in removals relative to baseline removals associated with an intervention (e.g., soil carbon sequestration, direct air capture with geologic storage). In some cases, emission reductions and removal enhancements from a project may be accounted for together against a common baseline. In such cases, separate reporting may not be possible. (*Land Sector and Removals Standard*).

5.6 Traceability related terms[12]

- **Activity pool:** The set of emissions sources that may physically serve the reporting entity, but within which further traceability to the specific physical sources used by reporting entity is not possible (Brander & Bjørn, 2023). Examples include an upstream supply pool, such as a supply shed from which companies source a specific commodity, or a downstream activity pool, such as the electricity grid that powers the products the company brings to market. (SBTi *Corporate Net-Zero Standard Version 2.0*, second consultation draft)
- **Chain of custody model:** The approach taken to transfer the information associated with a material or product as ownership of the material or product transfers from one entity to another in a value chain.
- **Chain of custody models** (adapted from: ISO 22095:2020; ISEAL, 2025)[13], ranked from strong physical relationship to no physical relationship:
    - **Identity preserved:** Chain of custody model in which materials or products with specified characteristics originating from a single source or origin are kept physically separate from materials or products originating from other sources throughout the value chain.
    - **Segregation**: Chain of custody model in which materials or products with a set of specified characteristics are kept physically separate from materials or products without that set of characteristics. This model allows for mixing of materials with the same set of characteristics from multiple sources but not mixing with materials or products without that set of characteristics.
    - **Controlled blending:** Chain of custody model in which materials or products with a set of specified characteristics are mixed according to certain criteria with materials or products without that set of characteristics, resulting in a proportional attribution of the specified characteristics within all parts of the final output(s) or product group(s).
    - **Mass balance (options):**
        - **"**Chain of custody model in which materials or products with a set of specified characteristics are mixed according to defined criteria with materials or products without that set of characteristics" (ISO 22095:2020).
        - "A chain of custody model in which certified input materials are mixed according to defined criteria with noncertified materials, and where there is no guarantee of physical presence of specified characteristics in a material" (ISEAL, 2025).

[12] Terms and definitions are taken from the *Land Sector and Removals Standard*, except where noted.
[13] For definitions and additional guidance refer to ISEAL Alliance, "Chain of Custody Models and Definitions." *A reference document for sustainability system stakeholders. Version* 2 (2025).

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

- **Controlled mass balance:** A variation of mass balance, where all input material entering the system boundary has specific attributes—most commonly that all the material, whether certified or not, is compliant with a set of minimum specified legal or sustainability requirements (ISEAL, 2025).
- **Book and claim (options):**
  - "A model in which the transfer of certified volumes are decoupled from the physical flow of material or product through the supply chain" (ISEAL, 2025).
  - "Chain of custody model in which the administrative record flow is not necessarily connected to the physical flow of material or product throughout the supply chain" (ISO 22095:2020).
  - **"**Chain of custody model in which the transfer of specified characteristics are not connected to the physical flow of material or products through the supply chain" (*Land Sector and Removals Standard*).

Note: For details on application options, please refer to Annex D, summarizing current ISO TC207 WG work in the context of ISO 14067 WD2. While further alignment will take place in phase 2 with ISO, the draft is largely in line with previous AMI TWG discussions.

- **Impact traceability:** The ability of a company to identify, track, and collect information on the GHG emission or removal impacts of projects or interventions in the value chain of goods and services purchased or sold by the company, including upstream and downstream processes and products.
- **Physical traceability:** The ability of a company to identify, track, and collect information on activities (e.g., activity data or GHG emission or removals factors) related to material flows of goods and services in its value chain, across its upstream and downstream processes and products.
- **Sourcing region:** A predefined, spatially explicit land area that supplies a given raw material to the first point of aggregation or first processing facility in the value chain. Sourcing region boundaries may be defined relative to the tier of the value chain that is inclusive of multiple first

points of aggregation or first processing facilities with overlapping areas that supply harvested raw materials.

- **Supply shed:** A group of suppliers providing functionally equivalent goods or services within a fixed and spatially defined area that is demonstrably part of a company's supply chain (VCI food and agriculture sector guidance).
- **Traceability:** The ability of a company to identify, track, and collect information in the value chain of goods and services purchased or sold by the company, including upstream and downstream processes and products.
- **Traceability system:** A set of procedures that allow an entity to track and record how specific materials or products move across entities and are transformed throughout their value chain, from production to processing to end use.

6. Principles for GHG accounting and reporting

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

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

6.1 Transparency

- **General definition (draft, subject to revision and consolidation)**
  - **Corporate Standard:** Ensure that GHG reporting contains all information relevant to users, including but not limited to assumptions, limitations, exclusions, and references to accounting and calculation methodologies and data sources used. Present all information in a clear, factual, neutral, and understandable manner. Maintain clear documentation (i.e., an audit trail) to enable internal reviewers and external verifiers to attest to the credibility of reported GHG information.
  - **Project Protocol:** Provide clear and sufficient information for reviewers to assess the credibility and reliability of GHG reduction claims.
  - **Policy and Action Standard:** Provide clear and complete information for internal and external reviewers to assess the credibility and reliability of the results. Disclose all relevant methods, data sources, calculations, assumptions, and uncertainties. Disclose the processes, procedures, and limitations of the GHG assessment in a clear, factual, neutral, and understandable manner through an audit trail with clear documentation. The information should be sufficient to enable a party external to the GHG assessment process to derive the same results if provided with the same source data.
- **Application to actions and market instruments**

- A foundational concept for multi-statement GHG reporting design is transparent and disaggregated reporting of unique reporting statements and elements, without netting.
- Ensure separate reporting of elements that are attributional (e.g., physical inventory emissions) and consequential (e.g., GHG impacts of actions).
    - Separate reporting of physical inventory emissions from project-based GHG reductions and trades of market instruments is established in the *Corporate Standard* (Chapter 8, Accounting for GHG Reductions, pp. 60–6. See Annex C).
- As a policy-neutral standard[14], GHG Protocol's role is to ensure accurate, complete, and transparent information. Disaggregation of GHG elements ensures separate reporting of "apples and oranges" to ensure full transparency and enable other actors and policymakers to make decisions about whether and how to add or net diverse categories.
    - Whether to include one or more accounting categories within a target boundary and whether to net one category against another (i.e., treat one as fungible with another) is a policy decision. Target-setting programs and policymakers can make policy decisions about whether to aggregate or net across categories when defining target-setting rules in the context of specific policy/program objectives.
    - Disaggregated, transparent reporting without netting under the GHG Protocol ensures transparency and allows for better integration with multiple programs (including target-setting programs such as SBTi) that may seek to include different reporting elements based on their policy objectives. If GHG Protocol were to merge or net elements in the GHG reporting, GHG Protocol would be taking away the ability of programs and policymakers to make policy decisions.
    - For more information on target setting and the role of GHG programs, see section 7.
- Ensure transparency by reporting methodologies, baselines, assumptions, and data sources to quantify GHG impacts and outcomes of actions and market instruments.

6.2 Completeness

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

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

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

- **Application to actions and market instruments**
  - Include all relevant impacts and actions in the GHG report. Do not have biased (systematically incomplete) reporting based on the inclusion or exclusion of information.
  - The GHG accounting and reporting system should account for and report positive and negative elements (i.e., increases and decreases in emissions and removals) that occur within and outside the inventory boundary.
  - Avoid selectively reporting on only positive actions or positive impacts of actions. Both positive and negative actions and impacts should be reported, including increases and decreases in emissions/removals.

6.3 Accuracy

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

6.4 Conservativeness

- **General definition**
  - **Corporate Standard (as part of accuracy principle)[15]:**
    - Accuracy should be pursued as far as possible, but once uncertainty can no longer be practically reduced, conservative estimates should be used.
    - Conservative values and assumptions are those more likely to overestimate GHG emissions (except in the base year), underestimate removals, and underestimate GHG reductions from a base year or GHG reductions over time.
      - For base year emissions, conservativeness means pursuing accuracy as far as possible, then underestimating base year emissions if there is uncertainty, so as not to overestimate reported GHG reductions relative to the base year. Overestimating base year emissions would be non-conservative, as it would have the effect of overestimating reported GHG reductions relative to base year emissions.
    - Users should consider conservativeness in addition to accuracy when uncertainty can no longer be practicably reduced, when a range of possible values exist, or when uncertainty is high. Whether to use conservative estimates and how conservative to be depends on the objectives of the GHG inventory. The principle of relevance can help guide what approach to use and how conservative to be. For some objectives, accuracy should be prioritized over conservativeness in order to obtain unbiased results.
    - Conservativeness should not be used as a substitute for collecting accurate data where data exist and can be collected, or as a justification for not improving data collection systems. Users should apply sensitivity analysis when uncertainty is high, in order to understand the range of possible outcomes using both more conservative and less conservative assumptions. Chapter 7, Managing Inventory Quality, provides guidance on uncertainty.
    - The GHG Protocol *Land Sector and Removals Standard* includes a conservativeness principle that companies accounting and reporting on CO_2 removals are required to follow.
  - **Project Protocol:** Use conservative assumptions, values, and procedures when uncertainty is high. GHG reductions should not be overestimated. Where data and assumptions are uncertain and where the cost of measures to reduce uncertainty is not worth the increase in accuracy, conservative values and assumptions should be used. Conservative values and assumptions are those that are more likely to underestimate than overestimate GHG reductions.
- **Application to actions and market instruments**
  - Accuracy should be pursued as far as possible, but once uncertainty can no longer be practically reduced, conservative estimates should be used. Users should consider

[15] Adapted from conservativeness text in the GHG Protocol Policy and Action Standard.

conservativeness when a range of possible values or probabilities exists (for example, when developing baseline scenarios).

- Conservative values and assumptions are those more likely to underestimate GHG reductions and removals (or overestimate GHG emissions) resulting from an action.
- For base year emissions or baseline scenario emissions, conservativeness means pursuing accuracy as far as possible, then underestimating base year emissions or baseline scenario emissions if there is uncertainty, so as not to overestimate reported GHG reductions relative to base year or baseline scenario emissions. Overestimating base year or baseline scenario emissions would be non-conservative, since it would have the effect of overestimating reported GHG reductions relative to base year or baseline scenario emissions.

6.5 Consistency

- **General definitions**
  - **Corporate Standard:** Use consistent methodologies to allow for meaningful comparisons of GHG emissions, removals (if applicable), and other metrics for the company over time, between divisions within the company, and between companies where relevant. The consistent application of accounting approaches, inventory boundaries, data sources, calculation methodologies, assumptions, and reporting formats is essential to producing comparable GHG emissions data. Transparently document any changes to the data, inventory boundary, methods, or any other relevant factors in the time series.
  - **Project Protocol:** Use data, methods, criteria, and assumptions that allow meaningful and valid comparisons.
  - **Policy and Action Standard:** Use consistent accounting approaches, data collection methods, and calculation methods to allow for meaningful performance tracking over time. Transparently document any changes to the data, GHG assessment boundary, methods, or any other relevant factors in the time series.
    - **Comparability:** Ensure common methodologies, data sources, assumptions, and reporting formats such that the estimated change in GHG emissions and removals resulting from multiple policies or actions can be compared. If the objective is to compare the results of independent assessments of policies carried out by different entities, users should exercise caution in comparing the results of policy assessments based on this standard. Differences in reported emissions impacts may be a result of differences in methodology rather than real-world differences. Additional measures are necessary to enable valid comparisons, such as consistency in: the timeframe of the assessments; the types of effects included in the GHG assessment boundary; baseline assumptions; calculation methodologies; methods for assessing policy interactions; and data sources. Additional consistency can be provided through GHG reporting programs or more detailed sector-specific guidance. To understand whether comparisons are valid, all methodologies, assumptions, and data sources used must be transparently reported.
- **Application to actions and market instruments**

- Use methods, approaches, and data that are consistent (over time) and comparable (across companies) to the extent possible.
- Use methods, approaches, and data that are consistent and comparable between project (with-action) and baseline (without-action) scenarios when estimating the GHG impacts of actions.

6.6 Relevance

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

6.7 Permanence

- **General definitions**
  - **Land Sector and Removal Standard (for inventory removals):** Ensure mechanisms are in place to monitor the continued storage of reported removals and captured GHGs, account for reversals, and report emissions from associated carbon pools.
  - **Land Sector and Removal Standard (for credited removals):** GHG reduction or removal credits ensure the longevity of a carbon pool and the stability of its stocks over time (such as 100 years or other time period defined by the program) and have mechanisms in place to monitor and compensate for any reversals or emissions from the stored carbon.
- **Application to actions and market instruments**
  - This principle applies to removals only.
  - Any reported removals should ensure permanence (specific definition of permanence and approach to operationalizing permanence to be determined in phase 2).

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

Additional principles or quality criteria beyond the principles above (sections 6.1 to 6.7) apply when accounting for and reporting credited GHG emission reductions or removals. Various external initiatives have developed quality criteria that are also relevant and that will be considered (e.g., UNFCCC Article 6, AIM, TCAT, ICVCM, VCMI, SBTi, ISO 14068). Their application to eligibility requirements for reporting on actions and market instruments will be further considered. Further details and options on quality criteria are presented in section 9.

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

7. Target setting and role of programs

GHG Protocol provides standards and guidance on GHG quantification/accounting and reporting. While the AMI Standard/Guidance is being developed with the intention of supporting corporate decarbonization efforts through credible accounting and reporting, GHG Protocol's role is not to decide whether or under what conditions market instruments or actions are eligible to count toward company targets. The eligibility of various actions and market instruments is a policy decision to be made by GHG programs, regulators, and policymakers.

Target-setting programs have historically focused on the physical GHG inventory plus the scope 2 market-based inventory. With the AMI Standard/Guidance developing additional statements for GHG reports, new statements will likely become part of reporting in accordance with GHG Protocol Standards. These new statements present options for target-setting programs to consider as they create new rules.

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

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

Setting net targets—the role of policymakers and GHG programs

Whether and how to set rules for net targets is a decision for GHG programs or regulators. The GHG Protocol accounting and reporting standard is not by itself sufficient for this purpose.
If more than one accounting category is included in a net target boundary, it allows progress in one category to count against progress in another category when determining whether the net target has been achieved.

GHG Protocol requires disaggregation of reporting elements in GHG reports. This enables policymakers, regulators, and GHG programs to make policy decisions on fungibility between reporting elements in the context of specific program objectives. Target-setting programs may choose to allow reporting elements to be added or netted within a target boundary to meet specific program objectives.

Target-setting rules to be defined by policymakers and GHG programs

- Target boundary (i.e., which GHG statements and elements to include)
- Target level (i.e., level of ambition of the target)
- Target base year and target year
- Reference point for GHG impacts of actions and market instruments such as avoided emissions (e.g., physical inventory emissions, other reference points)
- Whether specific types of actions and market instruments are eligible to count toward corporate GHG targets, which may vary by sector, type of instruments, geography, and time period.

As many companies rely on both SBTi and GHG Protocol, both organizations are undergoing active processes to align where possible on how GHG impacts beyond the physical GHG inventory can be incorporated into a broader understanding of corporate climate action. GHG Protocol is working to define GHG accounting and reporting approaches while SBTi is considering target-setting rules. As these processes continue, additional communications will specify how GHG accounting and reporting statements developed by GHG Protocol map to target-setting categories developed by SBTi.

8. Structure of a GHG Report

A GHG report should include separate statements for information on unique elements. While the physical GHG inventory is and will remain the primary component of corporate GHG reporting outlined

within the Corporate Standard, additional statements listed below are being considered within the AMI TWG.

8.1 Overview of statements

Options for statements to be included in a GHG report are:

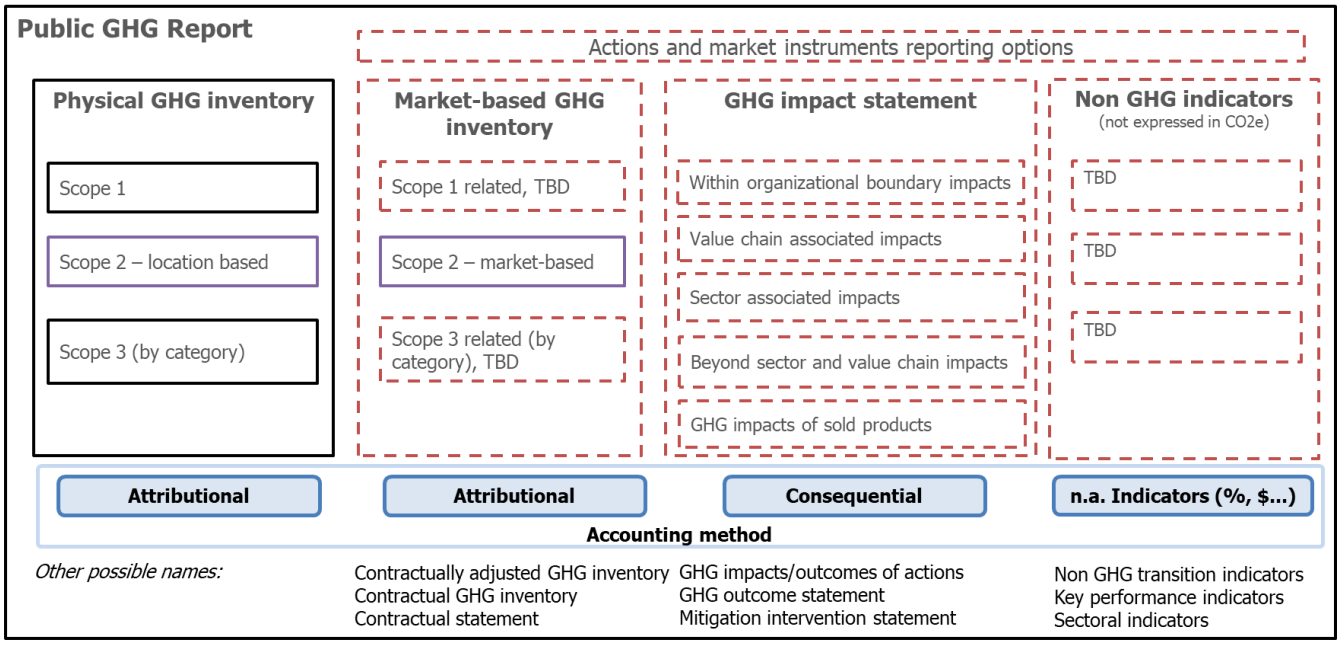
1. Physical GHG inventory
2. Market-based GHG inventory
3. GHG impact statement
    A. Within organizational boundary
    B. Value chain associated (outside organizational boundary)
    C. Sector associated (outside of value chain)
    D. Beyond value chain and sector impacts (global)
    E. GHG impacts of sold products
4. Non-GHG indicators

These statements are outlined in figure 6 and represent the various options under consideration. Elaboration on the details of each statement is provided below. The statement options in figure 6 are draft versions and will be further developed and finalized in phase 2 of the AMI Standard/Guidance development process.

Simplified illustrative examples of actions and their potential place within the proposed statement structure can be found in the *Explanatory Memo – Request for Information* that is provided alongside this white paper on the GHG Protocol website.

Beyond the physical GHG inventory being mandatory, no decisions have been made on which statements should be required or optional. Decisions have also not been made on whether statements are mutually exclusive or not. As the TWG develops these topics further, there may be changes to the statement structure, statement names, accounting and reporting specifications, and other aspects of the proposed multi-statement reporting structure.

Figure 6. Reporting statements under consideration



Notes:

1. The above are options for additional statements to account for and report on the impacts of actions and market instruments complementary to the physical GHG inventory.
2. Solid lines are current elements in published final or draft standards. All elements in red dotted lines are possible future elements, to be determined and subject to change. Purple elements are addressed by the Scope 2 Standard/Guidance.
3. Names of statements reflect the current majority view of the AMI TWG. They are draft versions and subject to change. Alternative names are listed below the statements.
4. Each statement would include a substructure of individual reporting elements or accounting categories as illustrated. Specific disaggregation categories as well as overall statement structure are subject to change and further development.
5. Each statement includes separate reporting of emissions and removals.

8.2 Physical GHG inventory

The physical GHG inventory as first established in the GHG Protocol *Corporate Standard* continues to serve as the foundation of corporate GHG accounting and reporting. It provides a comprehensive accounting and disclosure of an organization's annual GHG emissions (and removals, if applicable), resulting from its activities in its operations and value chain across scope 1, scope 2 and scope 3. It is based on attributional accounting approaches and independent of any GHG trades such as purchases or sales of allowances, offsets, and credits.

The physical inventory allocates emissions (and removals) from a common activity pool to end users based on physical relationships and physical flows of goods and services. It allows chain of custody models that establish physical traceability to the reporting organization. It accounts for average emissions from a shared pool if the reporting company's physical traceability does not exceed that shared pool.

Purpose

The purpose of the physical GHG inventory is to:

- Provide a comprehensive accounting and disclosure of an organization's annual GHG emissions resulting from its activities in its operations and value chain.
- Serve as the foundation for the ecosystem of corporate GHG accounting and reporting.
- Serve as a primary basis for setting GHG emissions reduction targets and tracking progress.
- Inform mitigation strategies by providing information on major sources of emissions and trends in the reporting company's operations and value chain.
- Inform investors and other stakeholders about the reporting entity's climate-related risks and opportunities.

Statement characteristics

The physical GHG inventory is defined by organizational boundaries, operational boundaries, and scope 3 category definitions in accordance with the *GHG Protocol Corporate Accounting and Reporting Standard* and the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard*. There is no double counting of emissions or removals within a single GHG inventory, such that scope 1, scope 2, and scope 3 (as well as scope 3 categories) are mutually exclusive for the reporting organization.

Accounting method

The physical GHG inventory uses attributional (or inventory) accounting methods to quantify annual GHG emissions (and removals) within a defined inventory boundary, tracked relative to a historical base year. This approach accounts for average emissions from a shared pool if an organization's level of physical traceability does not exceed that shared pool.

Key topics to address in phase 2

Phase 2 of the AMI Standard/Guidance development process will define boundaries for market instruments that enable physical traceability[16] and therefore can be accounted for in the physical GHG inventory. It will also explore whether "physical connectivity" might alter that eligibility and whether instruments that do not fulfill this requirement can instead be eligible for Statement 2 (market-based GHG inventory) or Statement 3 (GHG impact statement), providing that eligibility criteria, quality criteria, and safeguards are met.

8.3 Market-based GHG inventory

The market-based GHG inventory of emissions (and removals, if applicable) is complementary to the physical inventory. It allocates emissions associated with the activities of the reporting entity from a common activity pool based on qualified contractual arrangements for the purchase of goods and services. It allows chain of custody models that establish contractual traceability from suppliers to the reporting entity.

[16] The TWG will also consider the interim physical traceability requirement in the Land Sector and Removals Standard and develop cross-sector requirements.

Examples of market instruments may include mitigation-related contractual agreements or commodity certificates for the purchase of low-carbon fuels/commodities. Inclusion of these market instruments is subject to eligibility criteria, safeguards, and quality criteria to be defined in phase 2.

The market-based GHG inventory may incorporate the existing scope 2 market-based method and is expected to introduce new approaches for scope 1 and scope 3.

By maintaining a clear separation from the physical GHG inventory, this statement ensures that claims about procurement and market choices are transparent and maintains the integrity of the company's physical GHG inventory.

Purpose

The purpose of the market-based GHG inventory is to:

- Create opportunities for organizations to account for and report on actions/investments that are not eligible for reporting within the physical GHG inventory (e.g., qualified contractual agreements for the purchase of goods and services from a common activity pool), but which result in measurable value chain decarbonization (in sectors such as chemicals, transport, steel, cement, and 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 GHG emissions reporting.
- Allow for targets to be set and progress to be tracked against targets (if market instruments are eligible under target-setting program rules).

Statement characteristics

The market-based GHG inventory includes annual reporting of emissions resulting from activities that occurred in the reporting year.

Examples of market instruments may include mitigation-related contractual agreements or commodity certificates for the purchase of low-carbon fuels (such as biomethane, waste-derived liquid fuels, and green hydrogen) and commodities (such as metals, chemicals, cement, and agricultural products). These market instruments are all subject to eligibility criteria, safeguards, and quality criteria to be defined in phase 2.

Accounting method

The market-based GHG inventory uses attributional (or inventory) accounting methods to quantify GHG emissions (and removals) within a defined inventory boundary, tracked relative to a base year.

There are multiple proposed methods for quantifying the impacts of interventions on emissions factors. The AMI TWG has so far considered existing approaches from VCI, AIM Platform, and TCAT.

Key topics to address in phase 2

Phase 2 will include evaluating proposed accounting methods and developing requirements/guidance for their use, as well as developing quality requirements and safeguards for eligible market instruments. It will also consider the feasibility of developing a complete market-based inventory across all scopes, including considering the application of residual emission factors and appropriate allocation approaches, as well as additional topics outlined in Annex A.

8.4 GHG impact statement

The GHG impact statement provides a dedicated, structured statement for reporting on the emissions impacts of actions taken by the reporting entity inside and outside its value chain (e.g., emissions avoided, reduced, or removed). It applies to actions such as projects, interventions, investments, production/sale of products, and purchase/consumption of products. This statement uses consequential accounting methods that aim to quantify the global change in GHGs in the atmosphere resulting from a given action.

The GHG impact statement does not provide a comprehensive assessment of a corporate footprint, but instead allows reporters to report the impact of activities that are quantified using consequential methods and therefore not reflected in the physical GHG inventory.

By maintaining a clear separation from Statement 1 (physical GHG inventory) and Statement 2 (market-based GHG inventory), this statement would ensure that claims about mitigation impacts, avoided emissions, credits, and other impacts based on consequential accounting are transparent and separately reported from statements using attributional accounting methods.

Purpose

The purpose of the GHG impact statement is to:

- 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 opportunities based on quantified GHG impact.
- Allow for targets to be set and tracked against consequential or impact-based targets (if market instruments or other types of mitigation intervention are eligible under target-setting program rules).

Statement characteristics

The statement is expected to include multiple categories for the separate reporting of GHG impacts of actions, based on the relation of the actions to the company's organizational boundary, value chain, key sectors, and the GHG-related activities therein. The TWG is exploring the following impact categories:

- Within organizational boundary impacts
    - Quantified GHG impacts of actions implemented by the reporting entity within its organizational boundary (which are not reported in other statements).
    - For examples of such actions, refer to Annex C, which copies text from the GHG Protocol *Corporate Standard* (chapter 8) covering situations where companies can take actions within their organizational boundary that result in GHG impacts which are not reported in their GHG inventory.
- Value chain associated impacts

    - Quantified GHG impacts of actions implemented by the reporting entity within its value chain, outside of its organizational boundary (which are not reported in other statements).
- Sector associated impacts
    - Quantified GHG impacts of actions implemented by the reporting entity within its key sector(s)[17], outside of its value chain (which are not reported in other statements).
- Beyond value chain and sector (global) impacts
    - Quantified GHG impacts of actions implemented by the reporting entity outside of its value chain and key sectors (which are not reported in other statements).
- GHG impacts of sold products (e.g., avoided emissions)
    - Quantified change in system-wide GHG emissions resulting from the use of products sold by the reporting company, relative to emissions in a counterfactual baseline scenario.

Note: Some categories (e.g., value chain associated impacts and sector associated impacts) may be merged in phase 2. If they remain distinct, specific definitions, criteria, or tests to differentiate value chain and sector will be developed in phase 2 (including building on or referring to external initiatives).

This statement is expected to include quality criteria such as additionality, credible baselines, permanence, mitigate leakage, unique issuance and claiming, monitoring, independent validation and verification, GHG program governance, and sustainable development benefits and safeguards. These will be further developed in phase 2.

Accounting method

The GHG impact statement uses consequential accounting methods to quantify the impact on GHG emissions or removals of specific projects, actions, or interventions. It does so by estimating the GHG impacts of an action relative to a baseline scenario in which the action did not occur. Specific consequential accounting methods based on the type of action or intervention may vary and are to be further discussed in phase 2.

Key topics to address in phase 2

Phase 2 topics include: further refining the proposed reporting substructure; exploring the use of existing sector and association tests (e.g., AIM Platform and TCAT); developing additionality criteria, quality criteria, and safeguards for eligible interventions; addressing the issue of double claiming; selecting appropriate baselines; and discussing the concept of induced emissions as well as additional topics outlined in Annex A. Phase 2 will also be informed by the outcomes of the scope 2 public consultation on consequential accounting methods (see box 2).

[17] Key sectors are those in which the majority of a reporting company's value chain emissions occur. A complete definition of "key sectors" and the steps to identify them will be determined during phase 2. Illustrative example: Scope 3 GHG emissions of a machinery manufacturer are largely driven by steel manufacturing (sector: steel). If the reporting company implements a project at a sub-supplier in a region it procures from, it would be reported under value chain associated impacts. If the project is outside the region of its suppliers but elsewhere in the steel industry, it would be reported under sector-associated impacts. TCAT defines its *Sector Impact Mitigation Statement* as: "Quantified GHG impacts of actions implemented by the reporting company that are physically or economically linked to the company's operations and/or perform the same function as, or serves as a direct input to, an emitting activity in a company's inventory." This TCAT definition would include the above value chain associated impacts. The AMI TWG currently suggests a differentiation in two elements as described above.

Box 2. Consequential electricity-sector emissions impacts

In February 2025, the Scope 2 TWG formed a subgroup of electricity-sector experts to develop methodologies for quantifying and reporting the consequential emissions impacts of electricity projects. Its remit was to produce sector-specific recommendations and proposals for the AMI TWG. Its objectives were to: (1) provide focused, actionable recommendations to advance consequential accounting measures; (2) outline any additional disclosure elements needed to report consequential impacts; and (3) deliver a detailed proposal to the AMI TWG with calculation methodologies and reporting guidance.

The subgroup produced a draft proposal known as the "Marginal Impact Method" (MIM). The proposal outlined a framework for quantifying both the emissions induced by a company's electricity consumption and the emissions avoided through qualifying procurement actions, each calculated using marginal emission factors. Key elements included additionality criteria needed for procurement to qualify as avoiding emissions, and a structure for netting consumption and procurement impacts to report a combined "net impact" value. While developed for the electricity sector, some members of the subgroup indicated that the underlying concepts could be generalized to other sectors, including using induced emissions as a reference point, marginal emission factors, and the netting of consumption and procurement impacts.

Following the Scope 2 subgroup's work, the GHG Protocol Independent Standards Board (ISB) discussed it and decided not to move forward with it as part of the Scope 2 public consultation. Instead, the ISB directed further development of cross-sector avoided emissions/consequential methods to continue under the AMI TWG, before further considering sector-specific methodological development.

A public consultation on consequential electricity-sector emissions impacts was held from October 20, 2025 through January 31, 2026. That consultation focused on avoided emissions from electricity procurement actions, including additionality frameworks and marginal emission rate methodologies. It did not address induced emissions from consumption or the netting of consumption and procurement impacts, as proposed in the original MIM framework. The outputs from this consultation will be considered by the AMI TWG in phase 2 in developing the requirements, quality criteria, reporting structure, and other elements of the GHG impact statement.

8.5 Non-GHG indicators

This statement provides a standardized reporting structure for various metrics and indicators not expressed in CO_2 equivalent (CO_2e) but that might influence organizations' decarbonization actions and other decisions. Examples may include: financing contributions to mitigation projects; financial taxonomies; percentage of procurement or products sold that meet defined criteria; intensity metrics; or other key performance indicators.

Purpose

The purpose of the non-GHG indicators statement is to:

- 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 might influence organizations' decarbonization actions and other decisions, and that can be used to track performance without GHG quantification.

- Allow for targets to be set and progress to be tracked against non-GHG indicator targets (if eligible under target-setting program rules).

Statement characteristics

Examples of indicators that may be reported include, but are not limited, to:

- Percentage of materials procured or products sold that are zero/low carbon or meet defined criteria
- Revenue from products sold that are zero/low carbon; procurement spend for zero/low-carbon materials
- Renewable energy purchases (in monetary, volume, or percentage terms)
- Land occupation
- Financial contribution to actions beyond the reporting entity's value chain with an expected climate mitigation outcome

Accounting method

Accounting methods may vary based on selected indicators. However, a base year value and/or reference level should be provided for each indicator.

Key topics to address in phase 2

In phase 1, the AMI TWG focused primarily on development of the other statements (physical GHG inventory, market-based GHG inventory, and GHG impact statement). Phase 2 will include further exploration of the relevance and need for a non-GHG indicator statement. It will also consider the extent to which non-GHG indicators can be standardized, given the need for sector-specific metrics. There will also be an exploration of whether reporting on the progress of transition plans should be supported, given that they are required in some jurisdictions. Additional topics outlined in Annex A will also be discussed in more detail.

Annex A. Questions to address in phase 2 (non-exhaustive) to inform GHG reporting structure and accounting and reporting requirements

The questions below are a non-exhaustive list of topics to be addressed and resolved in phase 2 of the AMI Standard/Guidance development process. Some of these topics have been discussed by the TWG in phase 1, but will be fully resolved in phase 2.

General

1. Should statements be mutually exclusive, such that no reported emission or impact appears in more than one statement?
2. For market instruments that could theoretically be reported in more than one statement (e.g., book and claim certificates), should there be only one available statement for reporting? If more than one statement is developed to report on a single type of market instrument, how could confusion be avoided and how could companies be guided to report a given action/instrument in the most suitable statement?
3. How can eligibility criteria, quality criteria, and safeguards be defined such that actions, market instruments, and claims are reported only if they have sufficient credibility/integrity?
4. Should each statement be optional or required?
5. How should the statements be named?
6. How can the need for differentiated, disaggregated reporting, and requirements to ensure the credibility of instruments be balanced with practical feasibility in terms of accounting and reporting effort for users?

Physical GHG inventory

7. Which chain of custody models establish physical traceability?
8. Which alternative models can demonstrate physical traceability?

Market-based GHG inventory

9. Is the purpose of a market-based inventory distinct and complementary relative to a physical inventory and impact statements?
10. What type of instruments are eligible to be reported in this statement and which quality criteria and safeguards need to apply?
11. How would a market-based inventory look in practice across scope 1, and scope 3?
12. In cases where no market instruments are available (e.g., for the scope 3 category 1, where only limited market instruments exist), should emissions from the physical GHG inventory be used to ensure completeness of the market-based GHG inventory?
13. Can residual emission factors be developed and mandatorily used by all actors to avoid double counting?

14. Is it appropriate to have a scope 1 category in a market-based GHG statement given that scope 1 emissions are direct emissions?
15. How should market instruments for renewable fuels be accounted for?
16. What chain-of-custody models do not establish physical traceability?
17. How can this method include the lessons learned from the original scope 2 market-based method and avoid the challenges and critiques of that method?
18. Can the latest updates to the scope 2 market-based method (e.g., hourly matching, deliverability) be applied to other sectors?
19. What quantity of contractual instruments are eligible to be reported (e.g., no more than the unit of activity reflected in physical inventory)?
20. Should double claiming be avoided between an organization purchasing a physical product and an organization purchasing a commodity certificate from the same product if they are unbundled? Should there be co-claiming, and if so, how should co-claiming be reported?

GHG impact statement

21. What reporting structure should be used?
22. How should "value chain" be defined? Such that it corresponds to the physical GHG inventory boundary, or in a broader manner?
23. Can existing sector and association tests (e.g., AIM, TCAT) be used?
24. Which chain-of-custody models should be reflected in this statement?
25. Should the reporting categories (e.g., within organizational boundary, value chain associated) be defined based on where the action occurs or where the impact of that action on GHG sources/sinks occurs?
26. How should additionality be operationalized?
27. What baseline(s) should be used?
28. What safeguards are needed to define and standardize baseline selection?
29. How should quantified GHG impacts of multiple actions be aggregated and/or disaggregated?
30. What calculation method(s) should be used?
31. What type of instruments are eligible to be reported in this statement?
32. Should double claiming be avoided between an organization purchasing a physical product and an organization purchasing a commodity certificate from the same product if they are unbundled? Should there be co-claiming and if so how should co-claiming be reported?
33. How should requirements for the GHG impacts of product use and/or increased product durability and circularity be operationalized relative to credible counterfactual/baseline alternatives?

Non-GHG indicators

34. To what extent can non-GHG indicators be standardized, assuming a large role for sector-specific indicators?
35. Should the indicators be linked to transition plans?
36. How should eligibility criteria for investment KPIs be defined?

Annex B: AMI scope of work from Standard Development Plan

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

Annex C: Precedent in the GHG Protocol Corporate Standard

The following text is from "Accounting for GHG Reductions" (chapter 8) in the *GHG Protocol Corporate Standard*:

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

activities (reducing GHG emissions, carbon storage, or enhancing GHG removals) that the project is intended to achieve. Secondary effects are typically the small, unintended GHG consequences of a project and include leakage (changes in the availability or quantity of a product or service that results in changes in GHG emissions elsewhere) as well as changes in GHG emissions up- and downstream of the project. If relevant, secondary effects should be incorporated into the calculation of the project reduction.

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

…

Reporting project based reductions

It is important for companies to report their physical inventory emissions for their chosen inventory boundaries separately and independently of any GHG trades they undertake. GHG trades[18] should be reported in its public GHG report under optional information—either in relation to a target (see *Corporate Standard*, chapter 11) or corporate inventory (see chapter 9). Appropriate information addressing the credibility of purchased or sold offsets or credits should be included.

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

- Substituting fossil fuel with waste-derived fuel that might otherwise be used as landfill or incinerated without energy recovery. Such substitution may have no direct effect on (or may even increase) a company's own GHG emissions.

[18] The term "GHG trades" refers to all purchases or sales of allowances, offsets, and credits.

However, it could result in emissions reductions elsewhere by another organization, e.g., through avoiding landfill gas and fossil fuel use.

- Installing an on-site power generation plant (e.g., a combined heat and power, or CHP, plant) that provides surplus electricity to other companies may increase a company's direct emissions, while displacing the consumption of grid electricity by the companies supplied. Any resulting emissions reductions at the plants where this electricity would have otherwise been produced will not be captured in the inventory of the company installing the on-site plant.
- Substituting purchased grid electricity with an on-site power generation plant (e.g., CHP) may increase a company's direct GHG emissions, while reducing the GHG emissions associated with the generation of grid electricity. Depending on the GHG intensity and the supply structure of the electricity grid, this reduction may be over- or underestimated when merely comparing scope 2 emissions over time, if the latter are quantified using an average grid emission factor.

These reductions may be separately quantified, for example using the [*GHG Protocol for Project Accounting],* and reported in a company's public GHG report under optional information in the same way as GHG trades described above.

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

Annex D: Alignment with ISO–extract from ISO/AWI 14067 WD2

Following the agreement between ISO and GHG Protocol, launched at New York Climate Week 2025, the AMI work in 2026 onwards will involve experts from ISO as new members of the TWG to support alignment and harmonization.

The revision of ISO 14067, *Greenhouse gases—Carbon footprint of products—Requirements and guidelines for quantification*, is in joint development in Joint Working Group 8 (JWG8) in ISO TC207/SC207 between ISO and GHG Protocol.

This revision of ISO 14067 in Working Draft version 2 (WD2) also includes content about how chain-of-custody models would be used in calculating the carbon footprint of products. Chain-of-custody model requirements recently developed and published in ISO 22095 series under ISO/TC308 are leveraged in the revision of ISO 14067 content. Thus, the AMI TWG will build on alignment with ISO's work on chain-of-custody models in the carbon footprint of products, ensuring ongoing harmonization between corporate- (organization-) and product-level GHG reporting. This is particularly relevant for scope 3 reporting, because cradle-to-gate carbon footprints of products are reported in the corporate scope 3 category.

The following text is copied from the working draft of ISO 14067:2025, Annex H, and is currently under consultation with Joint Working Group on 14067/Product Standard. The text and table below are in WD2 stage and subject to change through collaboration within the JWG on 14067/Product Standard, as well as alignment efforts by ISO and GHG Protocol. Thus, the current WD2 content of ISO 14067 copied below is noted as an early alignment with the GHG Protocol multi-statement reporting structure presented within this paper.

Within the table below, the column noted "physical approach" presents a similar structure and accounting approach that would be used in Statement 1 (physical GHG inventory) of this AMI white paper. The column noted "contractual approach" would be used in Statement 2 (market-based GHG inventory), and the column noted "mitigation approach" would be used in Statement 3 (GHG impact statement).

> *"This annex provides requirements and guidelines regarding quantification of carbon footprint of products (CFP) using one or several CoC models that are involved in the product system under consideration.*
>
> *Chain of custody (CoC) models describe the process on how information related to inputs and outputs are transferred, monitored, and controlled along the relevant value chain.*
>
> *The CoC models "Identify Preserved," "Segregated," "Controlled blending," "Mass balance," and "Book and Claim," as described in ISO 22095:2020 can be used in the quantification of CFP according to the following GHG quantification approach (see table H.1 below for more details);*
>
> *-Physical approach*
>
> *-Contractual approach*
>
> *-Mitigation approach*

Table H.1 Requirements and eligible Chain-of-Custody models by GHG Quantification Approach

GHG Quantification Approach		Physical	Contractual	Mitigation
GHG quantification approach requirements related to CoC models	Allocation hierarchy	Attributional	Attributional	Consequential
	Data requirements	Primary and secondary data *without* residual inputs	Primary and secondary data *with* residual inputs	Primary and secondary data *with* residual inputs
	Conformity assessment	Verification	Verification	Validation
	Physical traceability and connectivity in CoC model	Required	Optional	Optional
	Organizational GHG accounting type where CFP is used	Inventory (default)	Inventory	Intervention
CoC models used in carbon footprint of products (CFP)	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 CoC model)	Location-based	Market-based with residuals	Marginal emission factors

Under the physical approach, the use of "Identity preserved", "Segregated" or "Controlled blending" CoC models is allowed. The mass balance (rolling average) CoC model may be used in this approach if the specified characteristics can be physically maintained and traced within a supply chain. In this approach, physical flows of inputs and outputs and their specific characteristics shall be traded together; physical presence of specified characteristics shall be traceable as part of the product system throughout the supply chain. The remaining part of the inputs in the system boundary shall be calculated using average or primary data without residual products (see Table H.1 above for more details).

The contractual and mitigation approaches may use all CoC models. However, mass-balance and book-and-claim CoC models used under these approaches shall avoid double counting, overestimation, burden shifting and be technically feasible. Residual products shall be used where it is applicable (see Table H.1 above for more details)."

Glossary (additional terms not included in section 5)

This glossary only includes additional terms not already in included in section 5.

Terms and definitions are taken from the *Land Sector and Removals Standard*, which builds on previous GHG Protocol standards, except where noted.

GHG inventory terms

- **Accounting:** Measuring, quantifying, and monitoring GHG emissions, removals and other related metrics using standardized methods per agreed-upon protocols.
- **Activity data:** A quantitative measure of a level of activity related to a source or sink that results in GHG emissions, removals, and/or other impacts covered by other accounting categories.
- **Allocation:** The process of partitioning GHG emissions from a single facility or other system (e.g., vehicle, business unit, corporation) among its various outputs. (*Scope 3 Standard*)
- **Cradle-to-gate:** All emissions that occur in the life cycle of purchased products, up to the point of receipt by the reporting company (excluding emissions from sources that are owned or controlled by the reporting company). (*Scope 3 Standard*)
- **Direct emissions:** Emissions from sources that are owned or controlled by the reporting company. (*Scope 3 Standard*)
- **Emission:** The release of a greenhouse gas into the atmosphere.
- **Emission factor:** A value that estimates the quantity of emissions per unit of activity (e.g., per tonne of fuel consumed, per tonne of product produced), allowing absolute GHG emissions to be estimated from activity data.
- **GHG accounting:** Measuring, quantifying, and monitoring GHG emissions, removals, and other related metrics using standardized methods per agreed-upon protocols.
- **Indirect emissions**: Emissions that are a consequence of the activities of the reporting company, but occur at sources owned or controlled by another company. (*Scope 3 Standard*)
- **Inventory boundary**: A conceptual boundary that encompasses the direct and indirect emissions, removals, and other relevant metrics that are included in the inventory. It results from the chosen organizational and operational boundaries, and relevant accounting categories.
- **Life cycle:** Consecutive and interlinked stages of a product system, from raw material acquisition or generation of natural resources to end of life. (*Scope 3 Standard*)
- **Product:** Any good or service. (*Scope 3 Standard*)
- **Removals (inventory accounting category):** The net transfer of a greenhouse gas from the atmosphere to storage within a non-atmospheric pool.
- **Reporting:** Presenting data to internal management and external users such as regulators, shareholders, the general public, or specific stakeholder groups.
- **Reporting year:** The year for which emissions are reported. (*Scope 3 Standard*)
- **Residual mix:** The mix of energy generation resources and associated attributes such as GHG emissions in a defined geographic boundary left after contractual instruments have been claimed/retired/canceled. The residual mix can provide an emission factor for companies

without contractual instruments to use in a market-based method calculation. (*Scope 2 Guidance*)

- **Scope 1 emissions:** Emissions from operations that are owned or controlled by the reporting company. (*Scope 3 Standard*)
- **Scope 2 emissions:** Emissions from the generation of purchased or acquired electricity, steam, heating, or cooling consumed by the reporting company. (*Scope 3 Standard*)
- **Scope 3 activity:** An individual source of emissions included in a scope 3 category. (*Scope 3 Standard*)
- **Scope 3 category:** One of the 15 types of scope 3 emissions. (*Scope 3 Standard*)
- **Scope 3 emissions:** All indirect emissions (not included in scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions. (*Scope 3 Standard*)
- **Sink:** A biogenic or technological process, activity, or mechanism that removes greenhouse gases from the atmosphere.
- **Source:** A process, activity, or mechanism that releases greenhouse gases into the atmosphere.
- **Temporal boundary**: Determines the relevant time period for quantifying emissions, removals, or other accounting categories.
- **Value chain:** In the *Scope 3 Standard*, "value chain" refers to all of the upstream and downstream activities associated with the operations of the reporting company, including the use of sold products by consumers and the end-of-life treatment of sold products after consumer use.

Target-related terms

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

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