Comment Letter on the GHG Protocol Actions and Market Instruments Phase 1 White Paper

Greenhouse Gas Protocol

WRI	**WBCSD**
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Washington, D.C. 20002, U.S.A.	1209 Geneva, Switzerland

[XX] May 2026

Re: EFRAG's Comment Letter to the GHG Protocol Actions and Market Instruments Phase 1 progress update (White paper)

Dear Prof. Dr. Bassen,

On behalf of EFRAG, I am writing to comment on the topics presented in the GHG Protocol ('GHGP') Actions and Market Instruments ('AMI') Phase 1 Progress Update White Paper dated March 2026 (the 'White Paper') and related request for information (RFI) issued on 31 March 2026.

This letter is intended to contribute to the GHG Protocol's due process, in consideration of the GHGP's AMI Technical Working Group ('TWG') deliberations in phase 2 towards the development of the first complete AMI draft Standard/Guidance for accounting and reporting on the impacts of actions and market instruments. It is an important consideration for EFRAG and its stakeholders given references to existing GHGP standards and guidance in ESRS E1, *Climate Change*, as well as ESRS requirements to assess and disclose material impacts – both positive and negative – arising from actions.

We acknowledge the substantial work undertaken by the GHGP so far. EFRAG welcomes the opportunity to contribute to developments that improve GHG emissions accounting and reporting at a global level, as already illustrated by our continued engagement with the GHGP across its various workstreams.

We recognise the important historical role the GHGP and its suite of voluntary standards have played in supporting various global and jurisdictional climate reporting frameworks – many of which have since transitioned from voluntary to mandatory. Our response focuses on facilitating the interaction between the ESRS and GHGP. Greater complexity in standards can be detrimental to the overall objective of empowering stakeholders to accurately, transparently, and credibly account for and report on climate actions and their impacts. We therefore encourage the GHGP to ensure that the proposed approach remains proportionate to the challenges it seeks to address, and that it is practical and accessible for all stakeholders.

The White Paper proposes a new approach for GHG emissions reporting with the introduction of a multi-statement reporting structure, primarily allowing for the reporting of mitigation actions, and their impacts, that are not currently captured by established inventory (attributional) accounting methods. At a conceptual level the proposal offers a structured approach that aims to address specific limitations of current emissions reporting, however EFRAG expresses concern on several aspects of this proposal.

- We emphasise the need to clarify if the AMI is intended to develop new accounting rules, a broader reporting framework, or a combination of both. In this context we highlight the potential tension of introducing reporting requirements in parallel to existing, jurisdictional reporting requirements;
- We suggest that the GHGP focus its efforts on improving GHG accounting – in particular addressing critical GHG emissions measurement issues that stakeholders have identified as a more urgent need. There is a risk that expanding the AMI scope too broadly diverts attention away from more pressing matters (e.g. clarifying operational boundary requirements, biogenic emissions and waste heat, and broader Scope 3 challenges).
- We encourage the GHGP to adopt a phased approach to the AMI workstream by prioritising the methodological gaps in physical and market-based inventories (statements 1 and 2 respectively) in the first instance, before progressing on detailed developments for the reporting of GHG impacts of actions. This approach will focus on resolving critical GHG accounting issues, reducing the risk that multiple concurring topics are developed and consulted upon, which in turn supports simplifying the GHG reporting.
- Further consideration is needed on how the definition and role of the ‘physical inventory’ interacts with market instruments and traceability, including interaction with EU policies (e.g., EU ETS, CBAM). This will require particular attention to ensure GHGP supports local jurisdictions and remains globally applicable. We recommend careful consideration when defining ‘physical traceability’ and ‘physical connectivity’ as it relates to market-based instruments and their disclosure in GHG inventories.
- For any future developments on consequential accounting, we emphasise the need to define foundational principles, underpinned by robust measurement methodologies and safeguards, that remain clearly separated from the physical and market-based GHG inventories that are based on attributional accounting.

It is also important to note the need for alignment with the ongoing direction of the GHGP revision, notably the proposed update to the objective statement in the Corporate Standard[1], which underlines ***the primary goal*** *of the Corporate Standard is to* ***help companies and other organizations to develop and maintain a relevant, complete, consistent, accurate, and transparent GHG inventory, using standardized approaches and principles****, in order to (…) support more transparent and comparable reporting of GHG emissions*. We recommend the GHGP AMI reflects this primary goal of the standard, which to our understanding focuses on emissions accounting.

Furthermore, we understand the GHGP’s governance procedures, specifically its decision-making criteria and hierarchy, ranks ‘feasibility to implement’ as its last criterion when evaluating options in standard development and revisions, ensuring scientific integrity is not compromised. EFRAG considers this decision-making criteria should not be applied as a hierarchy but rather as principles with equal validity depending on the context. This approach would allow criteria to intersect rather than conflict with each other, allowing for more nuanced decision making.

[1] Greenhouse Gas Protocol Corporate Standard Revisions Phase 1 Progress Update December 2025

Finally, EFRAG notes that the RFI period provided by the GHGP is too short to carry out a due process needed to develop a fully substantiated response. Consequently, EFRAG engaged in an accelerated due process within this limited timeframe, conducting outreach with European stakeholders through workshops, interviews, and input through an online survey. EFRAG has also drawn on its experience in the context of the ESRS implementation support and more recently in the ESRS simplification. Nonetheless, to ensure a meaningful response, we recommend the GHGP allows sufficient time to consult on and receive comments on standard-related developments such as the AMI White Paper, given their importance in the global emissions reporting landscape.

We would also like to extend our personal thanks to the GHG Protocol team for making themselves available to present the AMI Phase 1 White Paper (version 2.1) to the EFRAG SR TEG (and, via recording, to the EFRAG SRB) in a March 2026 public session, and for contributing to our online stakeholder workshop on 7 May 2026.

Detailed comments and responses to the GHGP's RFI are provided immediately following this cover letter, with answers organised according to the key questions and topics for feedback.

If you would like to discuss our comments further, please do not hesitate to contact Pedro Faria, [pedro.faria@efrag.org].

Yours sincerely,

Kerstin Lopatta
Chair of the EFRAG SRB

EFRAG's responses to the request for information on the Greenhouse Gas Protocol Actions and Market Instruments (AMI) Phase 1 Progress Update (White Paper)

Improvements to proposed multi-statement reporting structure [RFI Question 18]

1. Conceptually, the proposed new multi-statement emissions reporting structure can be useful to address common accounting issues and user needs and, subsequently, can improve reporting of GHG information. It presents a structured approach seeking to address a gap in inventory-based GHG accounting, where the disclosure of GHG impacts from actions and investments lack a common accounting framework making it difficult to quantify and compare emissions. Conceptual advantages may include: 1) preserving the integrity of GHG emissions inventories, while separately incentivising actions and clarifying how their impacts are accounted; 2) increasing transparency around procurement and contractual instruments; and 3) creating a structured approach for consequential accounting. However, there is a concern that emphasising a new 'reporting structure' rather than the development of new accounting requirements, may conflict with existing mandatory reporting. This issue warrants particular attention in the future development of the AMI.

2. Clarifying and ensuring that the preparation of a GHG inventory based on well-established attributional accounting methods remain the foundation for integrity-based scope 1, 2, and 3 emissions is critical. The GHGP Corporate Standard has seen wide global adoption, forming the basis of many national and jurisdictional GHG emission reporting standards and frameworks that are key for the transition to a climate-neutral economy. Broadening the scope of the GHGP standards and guidance should not diminish the importance of a robust GHG emissions inventory which should be the priority. It must be clear that accounting and reporting on climate actions needs to be preceded with robust accounting and reporting of GHG emissions.

3. Stakeholders indicated that the AMI can be perceived as extending the GHGP scope in a horizontal manner rather than vertically addressing the challenges of accounting. Given the variety of complex technical GHG accounting issues that are concurrently being explored by the GHGP and other initiatives, EFRAG recommends that the GHGP maintains a focus on thematic areas of most importance such that attention is not diverted away from what some stakeholders believe are more important technical matters to be solved. For example, accounting for biogenic emissions or waste heat, broader Scope 3 challenges s, and clarifying operational boundary requirements (some of which, we acknowledge, are already part of GHGP workstreams). Adopting a phased approach to the development of the proposed statements in the AMI White Paper, by prioritising the physical and market-based inventories could help ensure attention remains focussed on critical GHG accounting issues. We view this as a priority, in preference to allocating resources simultaneously to develop a comprehensive consequential accounting statement, as is currently proposed in the AMI White Paper.

4. Similarly, the development of any new reporting requirements in the current context, where interconnected sustainability and climate standards are being developed concurrently, risks further complexifying the emissions reporting. The White Paper proposes addressing a number of cross-cutting technical issues, which have relevance across the suite of GHGP's standards and guidance, not solely the AMI workstream. The focus should therefore be on addressing priority GHG accounting issues in a coordinated way whilst seeking alignment and consolidation with ongoing standard developments, including within the GHG Protocol and more broadly (e.g. CSRD, SBTi, ISO).

5. Maintaining consistency and coherence of reporting boundaries established across statements is important for transparency, comparability, and an overall coherent reporting architecture. Additionally the connectivity between an organisation's sustainability statement and financial statement is critical for companies that want to ensure consistency with their financial statements. Whether the proposed new statements in the White Paper could be adopted by existing reporting standards is key for the operationalisation of the AMI Standard.

Agreement with Purpose, Goals and Objectives [RFI Question 21]

6. While the GHGP Corporate Standard provides requirements and guidance for companies and other organisations in preparing a corporate-level GHG emissions (physical) inventory, the AMI White Paper defines its purpose as to enable companies to account and report on climate actions not reflected in the physical inventory. In this sense, the two are highly complementary and distinct. The outlined purpose, goals and objectives presented in the White Paper however extend beyond existing concepts in the Corporate, Scope 2 and Scope 3 standards.
7. The proposed purpose, goals and objectives in AMI revision refer both to requirements to account and report and the difference between these concepts is not clearly articulated. Stakeholder feedback highlighted concerns that elements of the White Paper appear to represent a reporting and disclosure framework, rather than an emissions accounting standard. Whilst a more structured approach to the reporting of GHG impacts and the development of consequential accounting methods may be needed, it is important that this is not conflated with a complete restructure of the way in which emissions are currently reported in corporate GHG inventories. To this extent, we recognise a risk of tension, overlap and risk of introducing additional burden concurrent to existing mandatory requirements in local jurisdictions should the GHGP's work shift closer or extensively to GHG reporting. EFRAG strongly recommends that the GHGP continues to focus on accounting rules, while explicitly acknowledging the role of local jurisdictions in setting reporting requirements, in order to facilitate alignment with and adoption by corporate sustainability disclosure standards. Clarifying this approach will ensure global consistency, while avoiding excessive reporting burden for companies and allowing for necessary regional adaptation.
8. EFRAG recognises the important historical role of the GHGP in supporting multiple GHG emissions reporting programmes, many of which have since evolved from voluntary to mandatory reporting requirements. This evolution should be taken into account in how the GHGP defines its scope and requirements, including whether AMI concepts should be integrated or not into the Corporate Standard suite.
9. We also underline the general need of alignment with the other GHG Protocol standards and guidance as essential element to maintain consistency, comparability and usability. Currently, the interaction between different workstreams is not clearly articulated. Due consideration should also be given to how the AMI developments will complement or impact ongoing revisions by the GHGP, in particular the GHG Corporate Standard, Scope 2 Standard, and the new Land Sector and Removals Standard.
10. In particular, we consider important alignment with the ongoing direction of GHGP revision, notably the proposed update to the objective statement in the Corporate Standard[2], which underlines ***the primary goal*** *of the Corporate Standard is to* ***help companies and other organizations to develop and maintain a relevant, complete, consistent, accurate, and transparent GHG inventory, using standardized approaches and principles****, in order to (…) support more transparent and comparable reporting of GHG emissions*. We recommend the

[2] Greenhouse Gas Protocol Corporate Standard Revisions Phase 1 Progress Update December 2025

GHGP recognises this primary goal of the standard, which to our understanding focuses on emissions accounting.

Market-based GHG inventory Statement [RFI Question 23]

11. The separation of market-based GHG emissions from the accounting and reporting of scope 1, 2, and 3 emissions (and removals) introduces a new approach and narrative: the 'physical inventory', linked to the concept of 'physical traceability'. Separating market instruments that cannot demonstrate physical traceability – notably RECs, GOs and similar instruments when the physical traceability requirements are not met – from the physical inventory represents a significant accounting change that could disrupt corporate climate action practices.

12. Physically tracing emissions throughout the value chain is complex, requiring multiple systems, processes and technologies. The definition of 'physical traceability' and 'physical connectivity' therefore needs careful consideration to ensure a common understanding, including clear eligibility and quality criteria for traceability mechanisms (e.g. mass balance and other chain of custody models), and clarity on transparency and audit trails required for market instruments to qualify under AMI statements.

13. EFRAG acknowledges that this approach prepares the (conceptual) ground for the Corporate Standard to accommodate other market instruments related to scopes 1 and 3, which the market has long advocated for (e.g. use of biogas, green hydrogen or SAF). However, it adds complexity to accounting and reporting. The feasibility of separately reporting physical and market-based emissions, and implications across sectors, must be considered. EFRAG requests clarification on whether AMI aims to create multiple GHG inventories, add reporting statements, or modify the inventory structure to separately account for emissions and actions (e.g. use of market instruments), enabling different reporting treatments.

14. Furthermore, the development of multiple reporting statements can conflict with existing climate-related policies, standards, and initiatives, as well as impact emissions target setting and progress reporting. The White Paper departs significantly from current practice for scope 2 emissions, where location and/or market-based emissions are reported within a single inventory. New requirements would also affect the reporting of scope 1 and 3 market instruments. Similar concerns were raised in the GHGP Scope 2 consultation regarding deliverability criteria ('physical connectivity'). We therefore emphasise the importance of alignment between the GHGP's standards and the need for consistency.

15. Additionality is important for ensuring climate impact and integrity. Clear definitions will be key to avoid sustaining markets for contractual instruments once cost parity is achieved. Without such criteria, market instruments may compete with direct decarbonisation without delivering additional benefits. EFRAG notes that traditional additionality concepts may be less applicable in mature, cost-competitive markets and suggests distinguishing between levels of climate impact rather than relying on binary tests. Alternatively, climate impact criteria could be set by local policy frameworks.

16. While traceability is not a new concept, its role in corporate GHG accounting and reporting has evolved significantly. In addition to interaction with initiatives working on traceability (e.g. ISO, VCI, TCAT), GHGP could consider relevant jurisdictional regulations. In the EU several regulations already require supply chain transparency (e.g. CBAM, EU Methane Regulation, and Critical Raw Materials Act). As AMI phase 2 develops, consideration should be given to the potential policy implications that the AMI Standard may give rise to, as well as the intended tools required to demonstrate 'physical' traceability, whilst also seeking opportunities to align on key concepts, safeguards, and quality criteria.

GHG impact statement [RFI Question 29]

17. EFRAG acknowledges the need for a structured approach to standardise how emissions impacts from actions are accounted. However, the underlying details of any proposed

consequential accounting methods will need careful consideration, and the significant challenges raised by consequential accounting must be recognised; the high-degree of judgement and subjectivity involved in counterfactual calculations which can lead to significant variance in outputs, thus weakening comparability, credibility and decision-usefulness.

18. Notwithstanding EFRAG's overarching recommendation that the AMI workstream adopts a phased approach, we emphasise the need to ensure that any accounting standard on GHG impacts of actions: 1) defines foundational principles that enable future comparability of measurement methodologies, tailored to local conditions and priorities; 2) provides clear examples and objectives for reporting categories to support adoption and uptake; and 3) develops robust measurement methodologies, ensuring integrity and transparency whilst navigating the complex measurement challenges associated with a range of decarbonisation actions. Together these elements can also improve the visibility of decarbonisations investments beyond the value chain that currently lack agreed accounting approaches (e.g. Carbon Dioxide Removal).

19. We recommend the following:

    a) A set of accounts to hold the consequential GHG impacts of actions should be an optional feature of the GHG inventory, separated from the physical and market-based GHG inventories based on attributional accounting. Requiring its reporting – or not – and how to report on it should be left to the jurisdictional reporting standards.

    b) Methodologies that assess global impacts are prioritised: while the current categories are included for comprehensiveness, accounting and reporting on all options would be impractical, undermine comparability, and drive unnecessary complexity. We expect that the AMI Standard would not require all categories.

    c) Mitigate risks of one-sided reporting: the AMI proposes accounting for and reporting on both positive and negative GHG impacts of actions, but there is a risk of greenwashing if organisations selectively disclose only positive impacts, thus also potentially obscuring information on any adverse impacts from actions. Clear guidance, criteria and safeguards are needed to avoid bias and ensure balanced and useful disclosures.

    d) Align with ESRS requirements: careful consideration is required to avoid contradictions with the ESRS, which explicitly prohibits the netting of positive and negative impacts. If avoided emissions are presented separately alongside the physical inventory, the risk of aggregated reading — i.e. 'our net balance is positive' — is significant, and as such in direct contradiction with the ESRS.

    e) Adopt a holistic approach: standardised quantification of actions and impacts both within and beyond the value chain supports a more holistic approach for the disclosure of systemic positive and negative impacts, however robust safeguards are essential to prevent shifting focus away from negative impacts. Special consideration is needed for trade-offs between impacts on different topics (e.g. actions that may have positive climate impacts but negatively impact biodiversity), and how to reflect this in a GHG-only framework.

    f) Avoided emissions: EFRAG notes mixed views on avoided emissions. While some stakeholders recognise a market need for their accounting (e.g. from the use of sold products), concerns remain regarding methodological robustness, comparability, and the appropriateness of dedicated guidance. Should such guidance be developed, successful implementation would require: 1) robust methodologies, often ped at jurisdictional level; and 2) alignment with existing standards, guidance and Product Carbon Footprint approaches (e.g. ISO 14067:2018 *Greenhouse gases — Carbon footprint of products*, the WBCSD Guidance on Avoided Emissions or the Avoided

Emissions Framework (AEF)), to ensure consistency and transparency and avoid fragmented practices.

g) Careful consideration of pitfalls: avoided emissions metrics can provide relevant complementary information, particularly in forward-looking narratives on transition to a sustainable economy. However, they also present risks of greenwashing and systemic double-counting, particularly as allocation across value chain actors is typically not addressed by existing methodologies. EFRAG notes mixed views on this point form its stakeholders, but supports further work to address double counting of avoided emissions and ensure transparent and consistent allocation of claims.

Non-GHG Indicators [RFI Question 32]

20. EFRAG questions the necessity of including non-GHG indicators as part of the proposed statements in the AMI White paper. The GHGP has played significant role in the provision of standards and guidance that have shaped the global GHG emissions accounting and reporting environment. The proposed 'Statement 4' appears to depart from the setting of standardised GHG accounting rules and rather seeks to introduce specific reporting requirements that, although complement an organisation's overall climate reporting, are perhaps better housed outside of the proposed AMI Standard/Guidance. This position further underlines EFRAG's feedback that the AMI workstream should remain focussed on addressing GHG accounting matters and related technical issues as a priority.

21. Whilst we acknowledge that some stakeholders are supportive of including a statement on non-GHG indicators, in particular as it can provide relevant contextual information on climate and decarbonisation progress outside of traditional GHG reporting metrics, we question its global applicability, and therefore uptake, primary due to the following:

    a) The ESRS already foresee the reporting of other indicators closely associated with GHG emissions, namely energy use associated to GHG emissions or future CapEx and OpEx needs related to planned climate mitigation actions. Other reporting standards and frameworks, including the EU Taxonomy and ISSB Sustainability Standards, also define non-GHG indicators (financial and non-financial) and as such their inclusion as part of the proposed AMI reporting structure could be seen as duplicative.

    b) The development of sector-agnostic metrics with universal applicability would be a significant challenge given the industry, jurisdictional, and often company-level specific nature of such indicators. Companies often develop business relevant metrics internally, including on sustainability topics, to track performance and support decision making.

    c) There are already initiatives and frameworks emerging that address best practice corporate climate action and disclosures that may be better placed to develop guidance on a more structured approach to reporting on climate mitigation actions and progress, separate to GHG accounting. For example, the Gold Standard Climate Responsibility Framework and WWF's Blueprint for Corporate Action on Climate and Nature.

Other comments [RFI Question 33]

22. In developing the AMI project, we also highlight the importance of balancing the need for transparency whilst considering the likelihood of adoption of new reporting options being proposed. To understand expected uptake of AMI accounting and reporting, the GHGP should check market appetite and readiness for disclosing this new information within the context of existing global reporting demands. We recommend undertaking an adequate cost-benefit analysis to ensure that provisions chosen in the future standard deliver greatest value relative to the efforts required. This analysis would serve as a useful input alongside prior insights received during the GHGP's global stakeholder survey and consultation in 2023, and the

results of current stakeholder feedback on the AMI phase 1 White Paper. Acknowledging the highly technical nature of the AMI's proposed phase 2 work, it may be concluded that certain elements are prioritised (e.g. agreeing consequential accounting methods) whilst others are reconsidered. EFRAG reiterates its recommendation to consider phasing in certain provisions in order to reduce the implementation challenges.

23. We also support the sector-agnostic approach taken by the AMI and its purpose to provide a *"standard that can be used as a foundation for sector-specific requirements and guidance"*. Further, EFRAG recommends that flexibility is allowed for industry specific requirements and constraints by deferring to and coordinating with external developments where relevant. For example, established sector frameworks and guidance in the building sector (EPRA sBPR, GRESB and CRREM) and transport and logistics (Smart Freight Centre GLEC and MBM frameworks). In the absence of a full pilot testing period following the proposed release of the AMI Standard, EFRAG emphasises the importance of gathering a broad selection of use cases as part of its Phase 2 workstream to better understand the practical application and implications of the AMI Standard across industry sectors.

24. Lastly, we note the White Paper provides a summary of the AMI's TWG discussions, however provides limited information on the justification for decisions taken on the approach and proposed content of the multi-statement GHG reporting structure. Whilst we acknowledge it is a White Paper and not a draft standard, greater transparency on the GHGP's process and decision-making by publishing a detailed basis for conclusions (or similar) alongside future updates would be a welcome addition to improve the understanding of the overall direction and underlying rationale for inclusions.

Important questions for AMI to address [RFI Question 34]

25. Other questions that the phase 2 AMI paper may want to consider include:

    a) Which traceability requirements and criteria to adopt? What is their impact on the accounting of specific market instruments under the scope 1, 2 and 3 categories? And how will they interact with existing policy/regulatory rules?

    b) What are the potential impacts of conceptual clarifications on the Corporate Standard and current accounting/reporting practices for scope 1, 2, and 3 emissions?

    c) How should the standard address trade-offs between: 1) Local vs. global impacts of actions, and; 2) Climate vs. non-climate impacts (e.g., biodiversity, social outcomes)?

    d) How can the standard evolve GHG accounting and reporting practices while balancing: 1) The need for conceptual clarity; 2) The risk of increased complexity. [EFRAG considers this will require strong engagement with the GHG accounting community, with further consultations/engagement moments and transparent consideration of stakeholder feedback].