

GHG Protocol revision

AMI paper: PC process and
planning



DISCLAIMER

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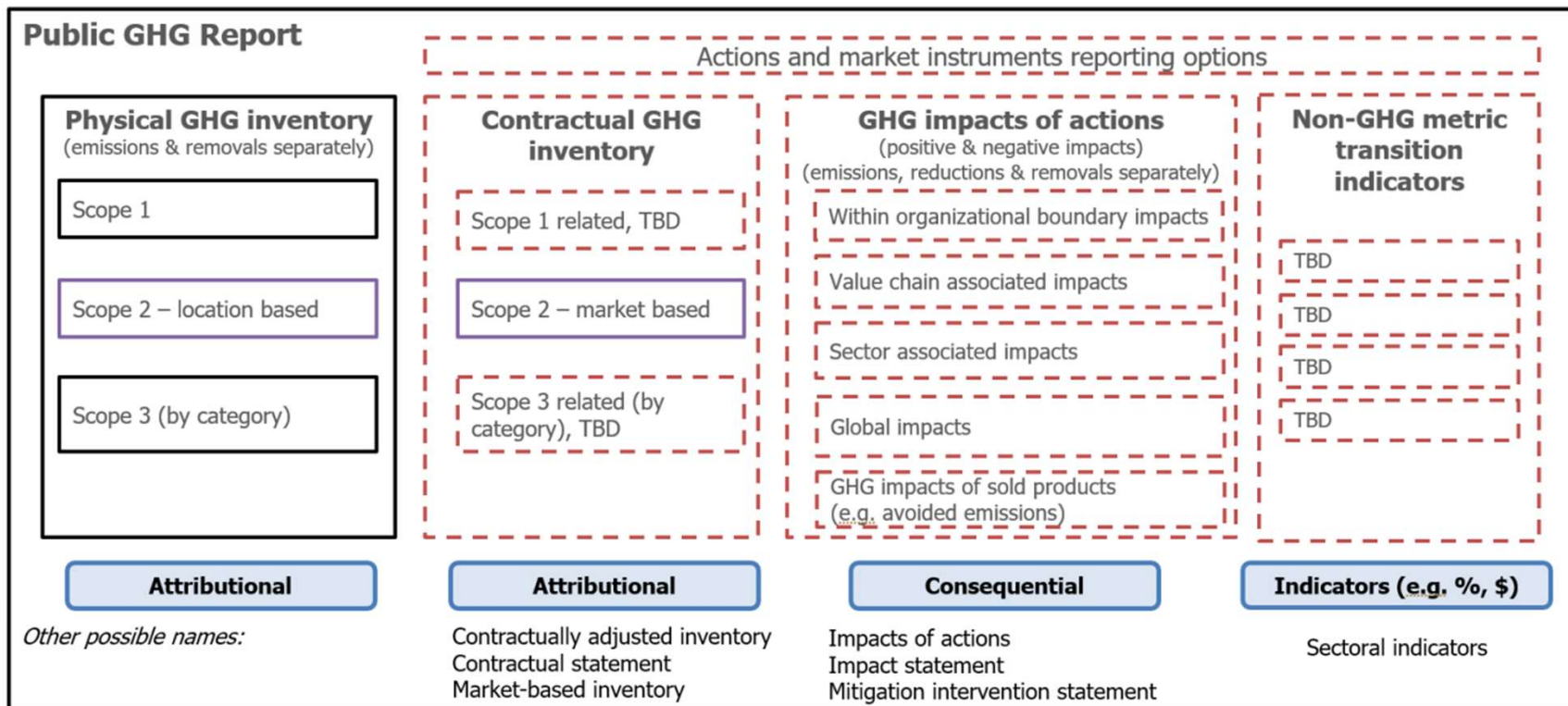
TIMELINE

	AMI consultation <i>(expected 60 day period)</i>												
	w1	w2	w3	w4	w5	w6	w7	w8	w9	w10	w11	w12	w13
Activity	23-Feb	02-Mar	09-Mar	16-Mar	23-Mar	30-Mar	06-Apr	13-Apr	20-Apr	27-Apr	04-May	11-May	18-May
Preparatory work + planning	x	x											
Perspectives on anticipated questions		x	x	x									
TEG - AMI Presentation + direction		03-Mar											
SRB – Go/No go on PC response			11-Mar										
TEG - Public consultation process & planning				19-Mar									
Preparation for stakeholder outreach				x	X								
Consultation Launch <i>(expected)</i>					x	x							
Analysis + preparation of responses					x	x	X	x	x	x	x	x	
Stakeholder Outreach						x	X	x					
TEG Session 1 - Technical discussion								13-Apr					
SRB Session 1 - Technical discussion									22-Apr				
TEG Session 2 - Validation + Approval												13-May	
SRB Session 2 - Validation + Approval													20-May
Finalise response (position paper)													x
Submit to GHG Protocol													x

KEY AREAS FOR THE CONSULTATION

Key Area	Consultation Questions (<i>anticipated</i>)	Sub-topic covered
Multi-statement reporting structure	<ul style="list-style-type: none"> • Do you support the introduction of a multi-statement reporting structure for GHG reports? • What can the multi-statement structure help to achieve? • What changes or improvements would increase levels of support and inform Phase 2 of the AMI work? 	<ul style="list-style-type: none"> • Level of support • Its purpose and goals • Objectives • Phase 2 recommendations • Proposed improvements
Market-based GHG inventory	<ul style="list-style-type: none"> • To what extent is the market-based (contractual) GHG inventory statement needed within the structure? 	<ul style="list-style-type: none"> • Contractual inventory scope
GHG impact statement	<ul style="list-style-type: none"> • Do you agree with the proposed sub-categories, or should any be merged or restructured? • To what extent should avoided emissions be included in the GHG impact statement 	<ul style="list-style-type: none"> • Impact statement necessity • Necessity of sub-categories • Inclusion of avoided emissions
Non-GHG indicators	<ul style="list-style-type: none"> • To what extent are non-GHG indicators considered necessary to include within the reporting structure? 	<ul style="list-style-type: none"> • Sectoral indicators • Necessity and scope

REPORTING STATEMENTS UNDER CONSIDERATION



ZOOM IN: PHYSICAL GHG INVENTORY

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

- *AMI Phase 1 White Paper v.2.1*

Physical GHG inventory A. Description: An inventory of scope 1, scope 2, and scope 3 GHG emissions (and removals, if applicable) occurring within the reporting company's operations and **[traceable]** value chain using inventory accounting methods (...)

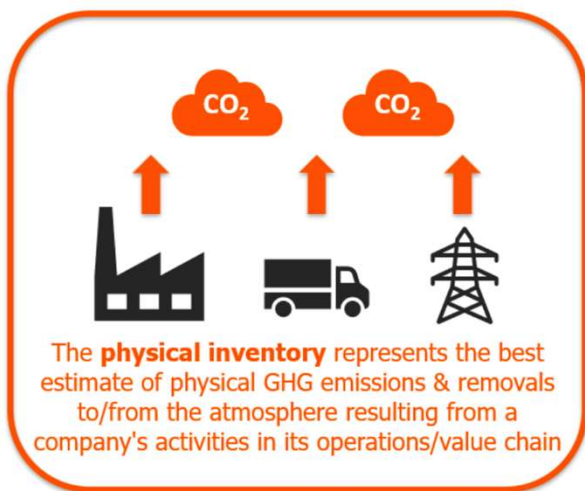
- *AMI Phase 1 White Paper v.2.1 Annex F*

Physical GHG inventory E. Traceability: Allows certain chain-of-custody models if they meet the physical traceability definition (e.g. identity preserved)

- *AMI Phase 1 White Paper v.2.1 Annex F*

IMPLICATIONS OF PHYSICAL INVENTORY

- The proposed multi-statement structure introduces a new narrative around **physical inventory GHG emissions**.
- This has implications for existing corporate emissions reporting including:
 - conflicting policies, programmes, and standards (e.g. EU ETS and CBAM accounting alignment)
 - what is meant by 'physical' and how it can be demonstrated
 - market (contractual) instrument eligibility.



Source: AMI Phase 1 Progress Update White Paper, 19 December 2025

EFRAG Secretariat considerations

- The GHG Protocol corporate inventory is defined as inherently a *physical* inventory, built on attributional accounting and **physical traceability**.
- Under the physical inventory framing, Scope 2 market-based method, would no longer belong in Statement 1
- It is important to clarify the potential impact and compatibility of this change on EU regulatory frameworks.

PHYSICAL TRACEABILITY

- | |
|--|
| <ul style="list-style-type: none"> • 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. |
| <ul style="list-style-type: none"> • 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. |
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- Physical traceability requirements have the potential to significantly change established GHG emissions accounting rules and conflict with policy requirements.
 - Key considerations and implications include:
 - Defining appropriate and universally applicable guardrails/criteria for physical traceability
 - Eligibility of traceability mechanisms (e.g. chain of custody models – what is allowed?)
 - Scope 2 reporting, and interaction with concurrent GHG Protocol Standard amendments.

CONSEQUENTIAL STATEMENT AND ITS LINK TO ESRS



ESRS 1

Positive impacts shall be assessed on their own, without netting against negative **impacts**. The results of prevention, mitigation or **remediation actions** to address negative impacts the undertaking is connected to, or compliance with law and regulation, are not positive impacts. Positive impacts include effects of the undertaking's business activities, **products** or services that mitigate or remediate another party's negative impacts, when the undertaking is not connected to those impacts.

ESRS 2 (IRO-1)

The undertaking shall disclose:

(a) a concise description of the process and decision-making steps it follows to identify **impacts, risks** and **opportunities** and the related **topics** and to assess their **materiality**, (...)

ESRS 2 GDR-A

When the undertaking implements key **actions** to manage material **impacts, risks** and **opportunities**, it shall disclose:

(a) a description of the key actions taken in the reporting year and those planned for the future, including their scope and timeframe; and
 (b) the **expected outcomes** of the key actions (...)

LINK TO ESRS

- The AMI Standard's **proposed new consequential accounting** approach seeks to address a gap in corporate reporting whereby **systemic positive impacts** are not captured in a standardised way.
- **ESRS impact materiality** addresses both positive and negative impacts in the context of materiality, including specific requirements on the **assessment of positive impacts** (ESRS 1, para. 45).
- Detailed quantification of positive impacts are however restrained in the ESRS, limited to **disclosure of a 'concise description'** of these impacts (ESRS 2, para. 37).

Discussion Points

- Quantifiable actions and impacts (calculation complexities).
- Bias towards positive impacts (transparency).
- Within vs. beyond value chain impacts (holistic systems thinking).
- Stakeholder disclosure expectations.



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