

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

You can submit your comments on EFRAG's draft comment letter by responding to EFRAG's online [survey](#).

Comments should be submitted by 16 May 2026.

Greenhouse Gas Protocol

WRI

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[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. First we wish to emphasise the need to clarify if the AMI is intended to develop new accounting rules, a broader disclosure framework, or a combination of both. Second, we suggest that the GHGP should focus its efforts on improving GHG accounting - in particular GHG emissions measurement. It should be very clear what is being done where, as work on the reporting of actions risks creating confusion rather than simplifying the reporting landscape. This is because it introduces accounting and reporting concepts that have the potential to conflict with existing jurisdictional reporting standards and climate-related policies, and could disrupt existing climate action practices and related use of contractual instruments. Third, in its future developments, careful consideration by the GHG Protocol and AMI TWG will be required for key aspects including: 1) the need for robust safeguards regarding the accounting and measurement of avoided emissions; and 2) how the definition and role of 'physical inventory' interacts with market instruments and traceability, including potential conflicts with EU policies (e.g., EU ETS, CBAM) and disproportionate impacts on emerging economies due to uneven data infrastructure, undermining the GHGP's goal of global applicability.

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 Standard¹, 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 recognises this primary goal of the standard, which to our understanding focuses on emissions accounting.

Finally, EFRAG notes that the public consultation period provided by the GHGP is too short to allow for EFRAG to undertake a full due process. 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. In this regard, we also 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.

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
Vice-Chair of the EFRAG SRB

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

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 can, in a second step, also 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 that reduce global emissions lack a common accounting and reporting framework making it difficult to quantify, communicate, and compare emissions. EFRAG Secretariat recognises some conceptual advantages of the multi-statement accounting frame: 1) it can help to preserve the integrity of corporate GHG emissions inventories, while incentivising climate actions by clarifying how their impacts are accounted and reported for; 2) it can increase transparency around procurement and contractual instruments; and 3) it creates a structured approach for consequential accounting of climate actions. Notwithstanding the potential for these conceptual advantages to be realised, there is a concern that by emphasising this as a new 'reporting structure' rather than the development of new accounting requirements, it may conflict with existing mandatory reporting standards. This issue warrants particular attention in the future development of the AMI Standard/Guidance.
2. Clarifying and ensuring that the preparation of a corporate GHG inventory based on well-established attributional accounting methods remains the foundation for corporate emissions reporting is key to preserving the integrity of scope 1, 2, and 3 emissions reporting. The GHG Protocol Corporate Standard to date 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. Whilst broadening the scope of corporate emissions reporting to address gaps in inventory-based GHG accounting, it should not diminish the importance of a robust GHG emissions inventory – it should be clear that there cannot be any accounting and reporting on climate actions, without first properly accounting for and reporting a GHG emissions inventory. Likewise, reporting on impacts of climate actions should be voluntary, carefully aligned with existing mandatory standards and framed in such a way that it does not conflict with existing jurisdictional emissions reporting disclosure requirement such as the ones in ESRS. Strengthening a robust GHG emissions inventory should be the priority.
3. Preliminary discussions with members of the EFRAG SRB and SR TEG 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 with existing mandatory requirements in local jurisdictions, should the GHG Protocol's work shift closer or extensively to GHG reporting. In this case, particular attention should be taken on how it can articulate with existing mandatory reporting standards. As such, the GHG Protocol should concentrate its efforts on providing standards and guidance that directly address GHG accounting matters in a way that facilitates the ease of adoption by existing corporate sustainability disclosure standards. This is also in line with tentative direction of GHGP Corporate Standard revision that highlights the primary goal of helping companies and other organizations to develop and maintain a relevant, complete, consistent, accurate, and transparent GHG inventory.

4. Similarly, the proposition has been perceived by most stakeholders as extending the GHGP scope in 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 GHG Protocol and other initiatives, EFRAG recommends that the GHG Protocol 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, updates to scope 3 categories, and simplifying operational boundary requirements (some of which we acknowledge are already part of GHGP workstreams).
5. Maintaining consistency and coherence of reporting boundaries established across reporting statements is important for transparency, comparability, and an overall coherent reporting architecture. Additionally the connectivity between an organisation's sustainability statement and financial statement and the ability to reconcile actions with impacts is particularly relevant to organisations reporting in line with existing disclosure standards and frameworks. Whether the proposed new statements in the White Paper could be adopted by existing reporting standards is a key factor for the operationalisation of the AMI Standard/Guidance. It will also be important for the GHG Protocol to clarify whether each statement or individual elements within statements are deemed to be prerequisites for reporting in other statements, as well as further clarity on the potential linkages between the reporting statements themselves.

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

6. While the purpose of the GHGP Corporate Standard is to provide requirements and guidance for companies and other organisations in preparing a corporate-level greenhouse gas (GHG) emissions (physical) inventory, the AMI White Paper purpose is 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. This may significantly impact areas connected to the reporting and perception of (negative and positive) climate (and other) impacts.
7. The proposed goals and objectives in AMI revision refer both to requirements to account and report. EFRAG Secretariat strongly recommends that the GHGP continues to serve as the foundational standard for accounting rules, while explicitly acknowledging the role of local jurisdictions in setting additional or complementary reporting requirements. This approach ensures global consistency while allowing for necessary regional adaptation. EFRAG recognises the important historical role of the GHGP in supporting multiple GHG emissions reporting initiatives, many of which have since evolved from voluntary to mandatory reporting requirements. This evolution should inform how the GHGP defines the scope and requirements of its standards, including whether AMI concepts should be integrated or not into the Corporate Standard suite.
8. It is also important to note the need of alignment with the ongoing direction of GHGP revision, notably the proposed update to the objective statement in the Corporate Standard², 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 recognises this primary goal of the standard, which to our understanding focuses on emissions accounting.

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

Market-based GHG inventory Statement [RFI Question 23]

9. The separation of market-based/contractually related GHG emissions from the accounting and reporting of scope 1, 2, and 3 emissions (and removals) introduces not only a new approach, but a relatively new narrative in corporate emissions accounting and reporting defined as the 'physical inventory'. This is closely linked to the concept of 'physical traceability', an area which we note the AMI will seek to define in phase 2 of the AMI standard development process. The ability to physically trace emission data throughout the value chain is complex, requiring multifaceted systems, processes and technologies. The definition of 'physical traceability' will therefore need careful consideration such that there is a common understanding of the term, including clear eligibility criteria for traceability mechanisms, such as chain of custody models.
10. The current proposal in the AMI White Paper will separate market instruments which are unable to demonstrate physical traceability – notably RECs, GOs and similar instruments when the physical traceability requirements are not met – from the physical inventory (scope 1, 2 and 3 emissions) by including them within the (attributorial) contractual GHG inventory. This is a significant accounting change that has the potential to considerably disrupt corporate climate action practices.
11. EFRAG recognises the current proposal as a middle-ground approach: it clarifies the distinction between physical inventory accounting and contractual accounting, which is a useful step for conceptual clarity within the Corporate Standard, while still allowing for the practice of 'contractual accounting'. It 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 market instruments for the accounting of biogas, green hydrogen or sustainable aviation fuel). However, it also adds complexity to corporate accounting and reporting, potentially disrupting existing practices and perceptions of corporate climate impacts. Furthermore it can conflict with existing climate-related policies, standards, and initiatives, as well as impact emissions target setting and progress reporting. Similar risks were highlighted during the GHG Protocol's recent public consultation on revisions to its scope 2 guidance, where various stakeholders commented on the potential impacts of introducing a deliverability criterion for market-based scope 2 reporting (the notion of 'physical connectivity'). In this regard, we emphasise the importance of alignment between the GHG Protocol's reporting standards as they develop.
12. While the concept of traceability is not new, in the context of corporate GHG emissions accounting and reporting it represents an evolving space. In addition to the GHG Protocol's interaction with existing initiatives that are working on traceability in GHG accounting (e.g. ISO, Value Chain Initiative, Task Force for Corporate Action Transparency), there is opportunity for the GHG Protocol to also consider relevant jurisdictional regulations and programs. In the EU there are a number of regulations where supply chain transparency on products, emissions, and environmental impacts are already or soon to be required. Examples include the Carbon Border Adjustment Mechanism (CBAM), EU Methane Regulation, and Critical Raw Materials Act. As part of the AMI phase 2 development process, due consideration should be given to the potential policy implications that the proposed AMI Standard may give rise to, whilst at the same time seeking opportunities to align on key concepts, safeguards, and quality criteria where relevant. EFRAG Secretariat flags the need to carefully analyse potential implications and consistency with the existing EU policies and programmes (e.g. EU ETS, CBAM), as well as the intended tools GHGP will require to demonstrate 'physical' traceability.

GHG impact statement [RFI Question 29]

13. EFRAG acknowledges the need for a structured approach to standardise the way in which emissions impacts from actions and interventions are accounted. This can improve transparency and comparability. However, the underlying details of the proposed

consequential accounting methods will need careful consideration to ensure: 1) foundational principles to enable future comparability of measurement methodologies, tailored to local conditions and priorities; 2) clear examples and objectives for each reporting statement to support adoption and uptake; 3) robust measurement methodologies, ensuring the integrity and transparency whilst navigating complex measurement challenges associated with a broad range of decarbonisation actions.

14. EFRAG acknowledges that these elements will form part of phase 2 of the AMI's standard development process. Nevertheless, the considerable challenges raised by consequential accounting must be recognised: the high-degree of judgement and subjectivity involved in counterfactual calculations leads to significant variance in outputs across companies and sectors, weakening comparability, credibility and decision-usefulness for users.

15. Therefore we recommend:

- a) A focus on global impacts: While the current categories are included for comprehensiveness and to establish the requirements for credible accounting of emissions and removals, reporting on all options would be impractical, undermine comparability, and drive unnecessary complexity. We expect that the AMI Standard would not require to report on all such options and recommend that consequential accounting should prioritise methodologies that assess global impacts of actions - whether related to the investment, development or sales of specific products (see below on avoided emissions) and services, or interventions.
- b) Mitigate risks of one-sided reporting: the GHG impact statement aims to account for and report 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 taken. Clear guidance, criteria and safeguards are needed to avoid a bias – perceived or otherwise – and ensure balanced and decision useful disclosures.
- c) Align with ESRS requirements: careful consideration is required to avoid contradictions with ESRS requirements. ESRS explicitly prohibits the netting of positive and negative impacts when assessing materiality. If avoided emissions are presented in a separate statement but placed alongside the physical inventory, the risk of aggregated reading – i.e. 'our net balance is positive' – is significant in both financial and sustainability communications, and as such in direct contradiction with ESRS requirements.
- d) Adopt a holistic approach: Quantifying actions and impacts both within and beyond the value chain in a standardised way is a welcome development towards a more holistic approach for 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 - this is, for example, actions that may have positive climate impacts but negatively impact biodiversity (or vice-versa) – and how to reflect this in terms of a GHG-only accounting and reporting framework.
- e) Balance new developments with existing practices: EFRAG recognises a market need for the accounting of avoided emissions (e.g. from the use of sold products), and appreciates its separation from the physical GHG inventory. Quantifying the positive impacts and benefits associated with avoided emissions was identified by stakeholders during the 2025 ESRS revision, including suggestions received to define avoided emissions, include their disclosure alongside GHG removals and storage, and clarify their interaction with target setting. However, successful implementation should be subject to: 1) robust methodological guidance, which should often be developed at the jurisdictional level; and 2) consideration and alignment with existing standards and guidance on avoided emissions and Product Carbon Footprint (PCF) methodologies (for example ISO 14067:2018 *Greenhouse gases — Carbon footprint of products*, the [WBCSD](#)

[Guidance on Avoided Emissions](#) or the [Avoided Emissions Framework \(AEF\)](#) of Mission Innovation).

- f) Careful consideration of avoided emissions pitfalls: Quantitative figures on avoided emissions can be particularly relevant in the context of forward-looking narratives exploring transition pathways compatible with the transition to a sustainable economy and with limiting global warming to 1.5°C in line with the Paris Agreement, and are frequently considered as a complementary disclosure by companies. However, they can also lead to greenwashing and systemic double-counting, particularly as issues related to the allocation of avoided emissions between value chain actors are typically not addressed by existing quantification methodologies. For example, if Company A sells a low-carbon product to Company B, both parties may claim the same avoided emissions; Company A as GHG impacts of sold products, and Company B as Scope 3 downstream substitution. In the absence of a registry of rights over avoided emissions, comparable to carbon credit registries, double-counting is both inevitable and undetectable at an aggregated level. The AMI phase 2 work should seek to address this allocation problem explicitly before any reporting option is formalised.

Non-GHG Indicators [RFI Question 32]

16. EFRAG questions the necessity of including non-GHG indicators in the upcoming statements. The GHGP has played significant role in the provision of standards and guidance that have shaped the global GHG emissions accounting and reporting environment. With reference to EFRAG's previous comments on this matter, we question the current need for the GHGP to develop a statement dedicated to non-GHG metric indicators. 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 GHGP suite of standards and guidance. 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.
17. Additionally 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. 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]

18. In developing the AMI Standard, 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. EFRAG emphasises the need to ensure a proportionate response to the core challenge the AMI is seeking to address, and recommends a cost-benefit analysis is undertaken specific to the AMI workstream. 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 that certain elements are prioritised (e.g. agreeing consequential accounting methods) whilst others are reconsidered.

19. With reference to concurrent revisions to other GHGP's, due consideration should be given to how the AMI Standard developments will complement or impact these revisions, in particular the GHG Corporate Standard, Scope 2 Standard, and the new Land Sector and Removals Standard.
20. The White Paper provides a summary of the AMI's TWG discussions, however we note 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]

21. 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) Should the standard focus solely on climate mitigation actions, or also address adaptation and climate financing?
 - c) What are the potential impacts of conceptual clarifications on the Corporate Standard and current accounting/reporting practices for scope 1, 2, and 3 emissions?
 - d) 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)?
 - e) 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].