

Greenhouse Gas Protocol**WRI**

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1 June 2026

Re: EFRAG's Comment Letter on the GHG Protocol Actions and Market Instruments Phase 1 Progress Update

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 and the related request for information (RFI) issued on 31 March 2026.

This letter is intended to contribute to the GHGP's due process in consideration of the GHGP's AMI Technical Working Group's (TWG) deliberations in Phase 2 towards the development of the first complete AMI draft Standard/guidance for accounting for and reporting on the impacts of AMI. This is an important consideration for EFRAG and its stakeholders given the 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 the accounting and reporting of GHG emissions at a global level, as already illustrated by our continued engagement with the GHGP across its various workstreams.

We recognise the important historical role that 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 ESRS and GHGP Standards. 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, particularly at a time when stakeholders in the EU and around the globe are seeking for simplification. 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 reporting on GHG emissions with the introduction of a multi-statement reporting structure, primarily allowing for the reporting of mitigation actions and their impacts, which 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 on reporting current emissions; 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. It also introduces uncertainty for sustainability reporting given the link of the GHGP's Standards with these requirements.

- We suggest that the GHGP focus its efforts on improving GHG accounting – in particular by addressing critical measurement issues of GHG emissions that stakeholders have identified as a priority. There is the 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, as well as wider 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 to detail developments in 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 GHG reporting.
- Further consideration is needed on how the definition and role of the 'physical inventory' interacts with market instruments and traceability, including the 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, noting that any market uncertainty can potentially impact the scale and pace of investments, for example in renewable energy markets.
- 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 based on attributional accounting. These elements will require particular attention to mitigate concerns of greenwashing related to the proposed multi-statement reporting structure.

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 that 'the primary goal of the Corporate Standard is to help companies and other organizations 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 note 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 that 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.

Finally, EFRAG notes that the RFI period provided by the GHGP is too short to carry out the 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 and interviews and gathering input through an online survey. EFRAG has also drawn on its experience in the context of the ESRS implementation support and, more recently, the ESRS simplification. Nonetheless, to ensure a meaningful response, we recommend the GHGP allows sufficient time to consult and receive comments on developments

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

related to standard setting such as the AMI White Paper, given their importance in the global emissions reporting landscape.

We would also like to express our appreciation to the GHGP team for making themselves available to present the AMI Phase 1 White Paper (version 2.1) to 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 around key questions and topics.

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

Yours sincerely,

Prof. Dr. Kerstin Lopatta

Chair of the EFRAG SRB

A handwritten signature in black ink, appearing to read 'Kerstin Lopatta', written in a cursive style.

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

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

1. Conceptually, the newly proposed structure for the multi-statement reporting of emissions can be useful to address common accounting issues and user needs, and, subsequently, it can improve the 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 lacks a common accounting framework, making it difficult to quantify and compare emissions. Conceptual advantages may include: (i) preserving the integrity of GHG emissions inventories while separately incentivising actions and clarifying how their impacts are accounted for; (ii) increasing transparency around procurement and contractual instruments; and (iii) creating a structured approach for consequential accounting. However, there is concern that emphasising a new 'reporting structure' rather than the development of new accounting requirements may conflict with existing mandatory reporting, warranting particular attention in future AMI developments.
2. It is critical to clarify and ensure that the preparation of a GHG inventory based on well-established attributional accounting methods remains the foundation for integrity-based scope 1, 2 and 3 emissions. The GHGP Corporate Standard has seen wide global adoption, forming the basis for many national and jurisdictional emissions 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 by robust accounting and reporting of GHG emissions.
3. Stakeholders indicated the AMI can be perceived as extending the GHGP scope horizontally rather than vertically, addressing the challenges of accounting. Given the variety of complex GHG accounting issues concurrently being explored by the GHGP and others, EFRAG recommends the GHGP focuses on the thematic areas of most importance to avoid diverting attention from what some believe are more critical technical matters to be solved (e.g. accounting for biogenic emissions or waste heat, broader scope 3 challenges, and clarifying operational boundary requirements). We acknowledge some are already part of GHGP workstreams. Adopting a phased approach to developing the proposed statements in the White Paper could help maintain the focus on critical GHG accounting issues by prioritising the physical and market-based inventories instead of simultaneously developing a comprehensive consequential accounting statement. To this extent, the GHGP could also consider establishing a dedicated mechanism addressing practical implementation challenges currently faced when applying the GHGP Standards.
4. Similarly, the development of any new reporting requirements in the current context, where interconnected sustainability and climate standards are concurrently being developed, risks further complexifying the reporting of emissions. The White Paper proposes addressing a number of cross-cutting technical issues which have relevance across the suite of GHGP Standards and guidance, not solely the AMI workstream. The focus should therefore be on addressing priority GHG accounting issues whilst seeking alignment and coordinating with other standard setters (e.g. ESRS, SBTi, ISO), including the GHGP.
5. Maintaining the consistency and coherence of reporting boundaries established across statements is important for transparency, comparability and the overall coherence of the reporting architecture. Additionally, the connectivity between an organisation's sustainability statement and financial statements is critical for many companies. Whether the proposed

statements 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 enabling 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 the 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 restructuring of the way in which emissions are currently reported in corporate GHG inventories. To this extent, we recognise risks of tension, overlap and additional burden concurrent with existing mandatory requirements in local jurisdictions should the GHGP's work shift closer to, or more extensively into, 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 into, or kept separate from, the Corporate Standard suite.
9. We also underline the general need for alignment with the other GHGP Standards and guidance as an 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, the Scope 2 Standard and the new Land Sector and Removals Standard.
10. In particular, we consider alignment with the ongoing direction of GHGP revision important, notably the proposed update to the objective statement in the Corporate Standard², which underlines that 'the primary goal of the Corporate Standard is to help companies and other organizations 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 that the GHGP recognise this primary goal of the Standard, which to our understanding focuses on emissions accounting.

Market-based GHG inventory Statement [RFI Question 23]

11. Separating market-based emissions from the accounting and reporting of scope 1, 2 and 3 emissions (and removals) introduces a new approach and narrative: the 'physical inventory',

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

linked to the concept of 'physical traceability'. Separating market instruments that cannot demonstrate physical traceability – notably RECs, GOs and similar instruments when these 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 and requires multiple systems, processes and technologies. Clear definitions of 'physical traceability' and 'physical connectivity' are needed to ensure a common understanding, including clarity on eligibility and quality criteria for traceability mechanisms (e.g. mass balance and other chain of custody models), and the 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 scope 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, as well as the 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, multiple reporting statements can conflict with existing climate-related policies, standards and initiatives, and impact emissions target setting and progress reporting. The White Paper departs significantly from current scope 2 practices, where location- and/or market-based emissions are reported within a single inventory. New requirements would also affect scope 1 and 3 market instruments. Similar concerns were raised in the GHGP Scope 2 consultation regarding deliverability criteria ('physical connectivity'). A pragmatic sequencing should be ensured: first update and modernise the existing framework to address current market practices and instruments; only then should additional enhancements be considered. We emphasise the importance of alignment and consistency across GHGP Standards.
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 this, 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 interacting with initiatives working on traceability (e.g. ISO, VCI, TCAT), GHGP could consider relevant jurisdictional context. Several EU regulations already require supply chain transparency (e.g. CBAM, the EU Methane Regulation and the Critical Raw Materials Act). As AMI Phase 2 develops, compatibility with existing policy is needed. This also applies to the intended tools required to demonstrate 'physical' traceability and to 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, consequential accounting methods will need careful consideration, and the significant challenges must be recognised: the high-degree of judgement and subjectivity involved in counterfactual calculations, which can lead to significantly varying outputs and weaken comparability, credibility and decision-usefulness.
18. Notwithstanding EFRAG's recommendation to adopt a phased approach, it is essential that any accounting standard on GHG impacts: (1) defines foundational principles enabling future comparability of methodologies, tailored to local conditions; (2) provides clear examples and

objectives for reporting categories to support adoption; and (3) develops robust methodologies, ensuring integrity and transparency whilst navigating measurement complexities. Together these elements can also improve visibility of investments beyond the value chain that currently lack agreed accounting approaches (e.g. CDR).

19. We recommend the following.

- (a) Make a set of accounts to hold consequential GHG impacts of actions an optional feature, separated from the physical and market-based GHG inventories that use attributional accounting. Whether and how to report on it should be left to jurisdictional reporting standards.
- (b) Prioritise methodologies assessing global impacts: while included for comprehensiveness, accounting and reporting on all current categories would be impractical, reduce comparability, and drive unnecessary complexity. We expect the AMI Standard would not require all categories.
- (c) Mitigate one-sided reporting: while AMI proposes accounting for and reporting on positive and negative GHG impacts, there is a risk of greenwashing if organisations selectively disclose only positive impacts, thus potentially obscuring information on adverse impacts. 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 ESRS, which explicitly prohibits netting of positive and negative impacts. Presenting avoided emissions separately, alongside the physical inventory, risks aggregated interpretation – i.e. ‘our net balance is positive’ – as such contradicting ESRS.
- (e) Adopt a holistic approach: standardised quantification of actions and impacts supports a more comprehensive disclosure of systemic positive and negative impacts; however, robust safeguards are essential to prevent shifting focus from negative impacts. Consideration is needed for trade-offs between topics (e.g. actions that may have positive climate impacts but negatively impact biodiversity) and for how to reflect this in a GHG-only framework.
- (f) Consider avoided emissions: EFRAG notes mixed views on avoided emissions. While some stakeholders recognise a need for their accounting (e.g. from use of sold products), concerns remain over methodological robustness, comparability and suitability of dedicated guidance. Should such guidance be developed, successful implementation would require: (1) robust methodologies, often developed at the jurisdictional level; and (2) alignment with existing standards and guidance (e.g. ISO 14067:2018 on product carbon footprints, WBCSD Guidance on Avoided Emissions or the Avoided Emissions Framework (AEF)), to ensure consistency and transparency, and avoid fragmented practices.
- (g) Consider pitfalls related to avoided emissions: while metrics can provide relevant complementary information, particularly in forward-looking transition narratives, they also present risks of greenwashing and systemic double-counting, particularly as rules on allocation across value chain actors are lacking in existing methodologies. EFRAG notes mixed stakeholder views on this, but supports further work to address these risks 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 a significant role in providing 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 instead seeks to introduce specific reporting requirements that,

although they complement an organisation's overall climate reporting, are perhaps better housed outside of the proposed AMI Standard. This position further underlines EFRAG's feedback that the AMI workstream should remain focused 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 its uptake, primarily due to the following.
 - (a) ESRS already foresee the reporting of other indicators closely associated with GHG emissions, namely energy use associated with 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 materials, also define non-GHG indicators (financial and non-financial). 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, which may be better placed to develop guidance on a more structured approach to reporting on climate mitigation actions and progress, separate from GHG accounting, such as 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 the provisions chosen in the future standard deliver the 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 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'. Furthermore, EFRAG recommends that flexibility be allowed for industry-specific requirements and constraints by deferring to and coordinating with external developments where relevant, such as established sector frameworks and guidance in the building sector (EPRA sBPR, GRESB and CRREM) and in 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. We note the announced GHGP and ISO partnership, which seeks harmonisation across their existing standards portfolios. EFRAG emphasises the need to prioritise this programme of work as stakeholders eagerly await the new co-branded international standards.
25. Lastly, we note that the White Paper provides a summary of the AMI's TWG discussions, but 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]

26. Other questions that the Phase 2 AMI paper may consider include:
 - (a) Which traceability requirements and criteria to adopt? What is their impact on the accounting of specific market instruments under scope 1, 2 and 3 categories? 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, and (2) the risk of increased complexity? [EFRAG considers that this will require strong engagement with the GHG accounting community, with further consultations/engagement moments and transparent consideration of stakeholder feedback].