



Greenhouse Gas Protocol

GHG Accounting and Reporting on the Impacts of Actions and Market Instruments

Standard Development Plan

Document status and version history

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1. Introduction

Overview of GHG Protocol

The Greenhouse Gas Protocol (GHG Protocol) is a multi-stakeholder partnership of businesses, non-governmental organizations (NGOs), governments, and others convened by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD). Launched in 1998, the mission of the GHG Protocol is to develop internationally accepted greenhouse gas (GHG) accounting and reporting standards and tools, and to promote their adoption in order to achieve a net-zero emissions economy worldwide.

Purpose of this document

This Standard Development Plan outlines the objectives, scope of work, process, and workplan for developing a new standard and/or guidance for GHG accounting and reporting on the impact of actions and market instruments.

This is intended as a public document to provide information for stakeholders participating in the process as well as for those not actively participating in the process. This document will be updated as needed if the standard development plan evolves, such as any refinements to the scope of work or changes to the timeline.

Overview of Corporate Standards Update Process

GHG Protocol is undertaking a coordinated process to update its corporate suite of standards across four workstreams: 1) the Corporate Standard, 2) Scope 2 Guidance, 3) Scope 3 Standard and Guidance, and 4) to provide new guidance on accounting and reporting on the impact of corporate actions and market instruments, building on existing GHG Protocol standards and guidance where relevant.

Since the publication of Greenhouse Gas Protocol's Corporate Accounting and Reporting Standard (2004), Corporate Value Chain (Scope 3) Standard (2011), Scope 3 Calculation Guidance (2013), and Scope 2 Guidance (2015), there have been many important developments in greenhouse gas accounting and reporting. Among these are the Science Based Targets initiative (SBTi), the trend toward net-zero targets, mandatory climate disclosure regulations, use of the standards by thousands of companies, and academic research on their use and impact.

2. Background and context

The *GHG Protocol Corporate Standard* (Corporate Standard), published in 2004, is based on inventory accounting methods using a physical inventory accounting approach. In 2011, the *Corporate Value Chain (Scope 3) Accounting and Reporting Standard* (Scope 3 Standard) introduced further specification on the use of this approach for calculating scope 3 emissions. In 2015, the *Greenhouse Gas Protocol Scope 2 Guidance* (Scope 2 Guidance) introduced an approach for accounting for indirect scope 2 emissions from purchased energy using both a location-based method and a market-based method.

Since the introduction of the market-based method for electricity purchases within the *Scope 2 Guidance*, new market-based approaches have been proposed for a variety of other applications. Market-based approaches have recently been suggested for several different sectors, including natural gas/biomethane, aviation fuels (SAF), agricultural commodities, freight transport, maritime shipping, steel, aluminum, and others. These approaches include value chain interventions (e.g. supply shed), project-based crediting (e.g. offsets and insets), and chain of custody models (e.g. mass balance and book-and-claim). Market-based approaches have typically arisen in cases where companies purchase products or commodities from common pools or distribution systems and direct contracting with suppliers or traceability to individual points of origin is not feasible.

Currently, market-based approaches similar to the scope 2 market-based method are not included in or allowed under the *Corporate Standard* or *Scope 3 Standard* for calculating scope 1 or scope 3 emissions. Both the *Corporate Standard* and the *Scope 3 Standard* allow companies to report transactions of market instruments, project-based emissions reductions, avoided emissions from the use of sold products, and other activities quantified using project accounting methods separately from scope 1 and scope 3 emissions in a GHG emissions report.

GHG Protocol has published several standards and guidance relevant to quantifying and reporting on actions and market instruments (listed in section 7). A few to highlight include:

- [Project Protocol](#) (and sector-specific supplements for electricity and land use, land use change and forestry), which provides requirements and guidance for quantifying and reporting GHG impacts of projects
- [Policy and Action Standard](#), which provides requirements and guidance for quantifying and reporting GHG impacts of actions larger than projects
- [Mitigation Goal Standard](#), which provides guidance on target setting and target accounting, including the role that market instruments can play in determining target progress and achievement, reported separately from the GHG inventory.¹

3. Summary of feedback from global stakeholder survey and consultation

Between November 2022 and March 2023, the public was invited to provide feedback on the current suite of corporate standards and guidance and provide suggestions for either maintaining current practices or developing updates and new additional guidance. This feedback covered GHG Protocol's Corporate Standard, Scope 2 Guidance, Scope 3 Standard, and supporting documents including in relation to [market-based approaches](#). This feedback has informed the scope of work detailed in section 5.

The Market-based Accounting Approaches Survey received nearly 343 survey responses providing stakeholder perspectives on market instruments and their role in relation to GHG inventories, reporting, and target setting. These responses were received from various organizations, sectors, and regions, as shown below. Additionally, 230 proposals across the four survey topics were submitted separately. The subset pertaining to market-based approaches can be [accessed here](#).

¹ This standard is intended primarily for national and subnational government agencies involved in setting and tracking mitigation goals. Companies and organizations may also find this guidance useful.

Survey feedback indicated a clear need for additional guidance on how companies quantify and report on the impact of actions (e.g. interventions) and market instruments in corporate GHG reporting. While different accounting and reporting approaches were suggested across respondents, there was a common request for additional clarity on the accounting objectives, reporting structure, and potential for inclusion of various types of instruments within GHG Protocol reporting. Additionally, some respondents suggested conditions, criteria, and safeguards for the reporting of instruments, including but not limited to those in use by other regulatory or voluntary reporting programs. Survey feedback also highlighted a need for clearer roles among actors in the GHG accounting ecosystem, including GHG Protocol, target setting programs and regulators.

For additional information, please refer to the [Market-based Accounting Approaches Survey Summary](#).

4. Objectives and scope

Objectives of the workstream

Advance complete and transparent corporate GHG accounting and reporting by:

- Providing clarity on the structure, purpose, and limitations of a corporate GHG report and its various elements
- Addressing the appropriate role of actions and market instruments

Scope and applicability of the standard

The standard and/or guidance will address GHG accounting and reporting of impacts of actions and market instruments in corporate GHG reports. It is intended to be applicable to all organizations, sectors and regions.

5. Scope of work for the standard development

The following is a list of topics to be considered during the standard development process. This scope of work is subject to change during the development process.

Topics to address:

- A. Standardizing relevant terms, concepts, and definitions
- B. Accounting and reporting objectives and principles
- C. The relationship between inventory (attributional) and project/intervention (consequential) accounting and their use in the corporate suite of standards
- D. The relevance and appropriate role of quantified impacts of corporate actions and market instruments in relation to the reporting company's organizational boundary and value chain.
Including but not limited to:
 - i. Emission reduction projects
 - ii. Removal enhancement projects
 - iii. Value chain interventions
 - iv. Systemwide positive and negative impacts of actions, including avoided emissions (e.g. from the use of sold products), leakage, and other types of impacts
 - v. Chain-of-custody certification models
 - vi. Project-based credits

- E. Structure of a corporate GHG emissions report
 - i. Disaggregated, transparent reporting
 - Which may include multiple reporting elements such as categories, tables, or statements related to physical inventory emissions,² impact reporting, and/or others to be defined
 - ii. Definitions, purpose, and limitations of each reporting element
 - iii. Appropriate quantification methods
- F. Accounting requirements and guidance
 - i. Boundaries, criteria, safeguards, etc.
 - ii. Traceability requirements and guidance
 - iii. Role of programs in defining programmatic rules
- G. Reporting requirements and guidance
 - i. The relationship between reporting elements and how to interpret a comprehensive GHG emissions report
- H. Verification/assurance of emissions reports
- I. Guidance to programs and policymakers
 - i. Options and guidance for setting target setting rules based on program/policy objectives
 - Such as related to target boundaries, level of ambition, and eligibility of actions or market instruments
 - ii. Options and guidance for setting target accounting (or performance accounting) rules for quantifying target progress and achievement, based on program/policy objectives
 - iii. Role of programs in making policy decisions on whether and which instruments and actions count toward GHG targets and whether to aggregate or net across reporting categories to determine target progress
 - Including under what conditions, for which sectors, over what time period, etc.
 - iv. Role of programs in verification, oversight, and enforcement

Out-of-scope items addressed elsewhere by GHG Protocol

- A. Updates to the Corporate Standard included in the Corporate Standard Development Plan.
- B. Updates to the Scope 2 Guidance included in the Scope 2 Standard Development Plan.
- C. Updates to the Scope 3 Standard included in the Scope 3 Standard Development Plan.
- D. Requirements for accounting and reporting of biogenic emissions and CO₂ removals established in the *Land Sector and Removals Standard* process.

Out-of-scope items outside of GHG Protocol's purview

- A. Development of sector-specific guidance
- B. Programmatic rules and criteria
- C. Target setting rules and policy decisions on the eligibility of specific actions or market instruments for use in GHG targets
- D. Assurance and verification of market instruments

² Terminology from GHG Protocol Corporate Standard, chapter 8 (Accounting for GHG Reductions), page 60.

6. Deliverables

The standard development process is expected to deliver the following output(s):

- Standard and/or Guidance on GHG accounting and reporting on the impacts of actions and market instruments

The content and format of additional deliverables will be determined as part of the Technical Working Group process. This may include, but is not limited to, the following options:

- Additional chapter(s), updates and/or guidance for existing standards in the GHG Protocol corporate suite of standards where relevant to the scope of work outlined in section 5
- Comprehensive template for a corporate GHG emissions report

The outputs of this workstream will be integrated with other GHG Protocol entity-level standards as part of a single standard with multiple parts:

- Corporate Standard
- Scope 2 Standard and Guidance
- Scope 3 Standard and Guidance
- Land Sector and Removals Standard and Guidance
- Impacts of Actions and Market Instruments Standard and/or Guidance

7. Approach

Key elements of the Greenhouse Gas Protocol approach include:

1. **Develop standard or guidance through a global, inclusive, multi-stakeholder process** with participation from companies, NGOs, academia and researchers, GHG programs, government agencies, other experts and stakeholders from around the world. GHG Protocol has more than twenty years of experience convening global stakeholders to develop consensus GHG accounting and reporting standards.
2. **Build on existing approaches and international best practices**, including:
 - a. GHG Protocol Corporate Standard Chapter 8 (Accounting for GHG Reductions)
 - b. GHG Protocol for Project Accounting
 - i. Guidelines for Quantifying GHG Reductions from Grid-Connected Electricity Projects
 - ii. The Land Use, Land-Use Change, and Forestry (LULUCF) Guidance for GHG Project Accounting
 - c. GHG Protocol Policy and Action Standard
 - d. GHG Protocol Mitigation Goal Standard
 - e. GHG Protocol Land Sector and Removals Standard and Guidance (forthcoming) (chapter on evaluating the impact of actions; chapter on accounting for credited emission reductions and removals; interim traceability guidelines)
 - f. other relevant resources

3. **Ensure rigorous and user-friendly technical design** to ensure a true and fair account of a company's GHG emissions and GHG emissions impacts based on key GHG accounting and reporting principles (relevance, accuracy, completeness, consistency, transparency, and conservativeness).
4. **Provide policy neutral standards that support multiple programs** – GHG Protocol standards are scientifically sound and policy neutral, such that they support multiple policy mechanisms and programs that build on the GHG Protocol foundation. GHG Protocol standards focus primarily on GHG accounting and reporting issues while identifying relevant policy issues and target setting issues to be addressed by programs, regulators, and policymakers. Where multiple programs and policy objectives exist, GHG Protocol should support multiple types of data relevant to multiple policies or programs and provide guidance on how to use or adapt GHG Protocol standards for specific policy purposes.³

8. Standards governance approach

All new standards and guidance, as well as revisions of existing standards and guidance, are developed through an inclusive, global, multi-stakeholder process, subject to transparent and publicly available procedures. A summary of the GHG Protocol's governance structures, their respective roles and responsibilities, and the normative documents and processes relevant for the development and revision of GHG Protocol standards can be found in the GHG Protocol [Governance Overview](#).

As described in greater detail in the *Governance Overview*, the following are the principal bodies involved in standards development and revision:

- **Steering Committee (SC):** The SC provides strategic guidance on the goals and direction of the GHG Protocol. In the standard development and revision process, it decides when new standards or standard revisions are needed and ratifies the decisions of the Independent Standards Board to publish final standards.
- **Independent Standards Board (ISB):** The ISB advised the SC on the need for, objectives and scope of new and/or revised standards. It reviews and approves GHG Protocol standards according to the *Standard Development and Revision Procedure*, oversees the standards development process, appoints TWG members, and makes decisions related to the content of standards.
- **GHG Protocol Secretariat:** The Secretariat manages the day-to-day execution of the activities of the GHG Protocol and ensures that the development or revision of standards aligns with the GHG Protocol mission, vision, and decision-making criteria.
- **Technical Working Groups (TWGs):** TWGs support the development of the technical content of standards. They review draft materials produced by the Secretariat, develop

³ GHG Protocol standards are policy relevant and intended to support the larger objective of reducing GHG emissions in line with global climate goals, but the standard is not designed to favor one policy mechanism over another. GHG Protocol standards provide guidance on target setting and limited requirements where needed to support the accounting and reporting approaches.

proposals or draft text, and provide recommendations and feedback on key issues in the standards development or revision process to the Secretariat.

Full details of each body's roles and responsibilities are provided in their respective Terms of Reference (ToR) and the GHG Protocol [Standard Development and Revision Procedure](#) (SDRP). The SDRP is the normative document which specifies the procedures to develop, revise, approve and maintain standards owned by the GHG Protocol.

GHG Protocol decision making criteria and hierarchy

Throughout the standard development or revision process, all governance and advisory bodies of the GHG Protocol shall follow the decision-making criteria and hierarchy approved by the Independent Standards Board and Steering Committee and contained in an annex to the *Governance Overview*.

Figure 1 summarizes the draft GHG Protocol decision-making criteria and hierarchy. Further details on the decision-making criteria are contained in Annex A of the *Governance Overview*.

Figure 1. Decision-making criteria and hierarchy

Summary version:



Full version (for use by TWGs and ISB):



All governance documents are available at: <https://ghgprotocol.org/our-governance>.

9. Workplan and timeline

The standard/guidance development workplan consists of the following stages:

1. Stakeholder survey and call for proposals (completed)
2. Governance formation and work planning (completed)
3. Development of phase 1 recommendations through Technical Working Group process with review and approvals by the Independent Standards Board

4. First targeted public consultation period
5. Development of draft standard through Technical Working Group process with review and approvals by the Independent Standards Board
6. Second public consultation period
 - The need for a pilot testing phase will be determined based on needs identified during the standard development process. If a pilot testing phase is added, the timeline would be extended.
7. Revisions to the draft standard based on public consultation comments (and pilot testing comments, if applicable)
8. Final approval by Independent Standards Board and Steering Committee, followed by production and publication of final Standard.

Expected milestones:

1. Summary of outcomes agreed by TWG and ISB to provide interim guidance on reporting structure and select requirements, including targeted public consultation (Q4 2025)⁴
2. Draft standard and/or guidance for public consultation (estimated Q3 2027)
3. Final standard and/or guidance (estimated Q4 2028)

The workplan and timeline is subject to change during the standard development process.

Revisions of the standard will be considered every five years from the publication date, or earlier if needed.

Figure 2. Draft workplan and timeline (the timeline is subject to change throughout the standard development process)

	2024		2025				2026				2027				2028			
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Formation – SC	First SC mtg																	
Formation – ISB	First ISB mtg																	
Formation – TWGs	First TWG mtgs																	
Develop scope of work, workplan, governance, procedures	Documents approved																	
Development of first draft standards through TWG & ISB		Phase 1 Development					Phase 2 Development											
ISB review and approval of first draft standards (in parts)					Phase 1 Review					Phase 2 Review								
Revision based on ISB review (as needed)						Phase 1 Revisions					Phase 2 Revisions							
Public consultation (60 days for each standard)						Summary of Outcomes						Draft Standard						
Revision based on consultation																		
ISB and SC approvals																		
Editorial																		
Publish																		Final Standard

The Technical Working Group is expected to work in two main phases during the draft development with the following objectives:

⁴ The summary of outcomes is for informational purposes to provide interim guidance to stakeholders until complete draft standards for public consultation are available.

Phase 1 – Reporting structure, elements and definitions

- Clarify and/or define the purpose, structure, and limitations of individual elements within the corporate GHG emissions report
- Determine additional reporting elements and associated quantification method(s) needed to address the impacts of actions and market instruments

Phase 2 – Technical development for new reporting elements

- Consolidate relevant guidance from existing GHG Protocol standards
- Develop additional accounting and reporting criteria, safeguards and requirements where necessary
- Develop guidance to programs and policymakers

10. Stakeholder engagement opportunities

The GHG Protocol follows a broad and inclusive multistakeholder process to develop greenhouse gas accounting and reporting standards with participation from businesses, government agencies, NGOs, and academic institutions from around the world. This process is governed by the *Standard Development and Revision Procedure* described in Section 8.

The standard development process began with a comprehensive global stakeholder survey and consultation phase, outlined in section 3. The feedback received from this consultation provides the basis for the scope of work, outlined in section 5.

All interested stakeholders were given the opportunity to apply to the Steering Committee, Independent Standards Board, and Technical Working Groups between November 14, 2023 and January 31, 2024 and to apply to the TWG on a rolling basis thereafter. Over 1,600 people applied to join the various groups.

All interested stakeholders have the opportunity to review the draft standard or guidance during the public consultation phase. If you are interested in receiving updates on the standard development process and opportunities to review draft standards, please refer to the link below.

11. Secretariat team and contact information

Team members:

- Michaela Wagar, Manager
- Kevin Kurkul, Associate

To stay up to date on the standard development process, please visit:
<https://ghgprotocol.org/standards-and-guidance-under-development>.

If you would like to contact GHG Protocol, please visit: <https://ghgprotocol.org/contact-us>.