ICC

CARBON MEASURES



Towards a product carbon accounting framework

Work to date, proposed framework and publication roadmap

Prepared by the Secretariat of the Technical Expert Panel on Carbon Accounting



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This paper introduces the work to date and sets out what the carbon accounting framework being developed by the Technical Expert Panel on Carbon Accounting (TEP) is expected to contain.

The framework is under development; the description below does not settle outstanding technical choices or constitute an adopted accounting standard. The views expressed are those of the Secretariat and do not necessarily reflect the views of individual Panel members.

Key messages

- Comparable, verifiable product-level emissions data would allow buyers to reliably compare products, producers to demonstrate performance, and governments and investors to recognise lower-emission production for different applications.
- The independent panel is developing a ledger-based carbon accounting framework in which companies record emissions and eligible removals, attribute them to products and transfer that information along value chains, so that figures reconcile across entities without material over- or under-statement of net emissions. The objective is to improve the completeness, comparability and faithful representation of emissions information.
- The framework is intended to be complementary to established standards, while aiming to support interoperability across markets and regulatory systems.
- Pillar I (Conceptual framework) is expected to be published for consultation in December 2026, and selected chapters of Pillar II (Accounting framework) are expected to be published in the first quarter of 2027. Work on Pillar III (Implementation framework) will continue in parallel, with its timing to be confirmed as the accounting work progresses.
- The Secretariat welcomes stakeholder input through ongoing consultations and engagement opportunities.

Mission and opportunity

The Technical Expert Panel on Carbon Accounting, co-convened by the International Chamber of Commerce (ICC) and Carbon Measures, has a mission to develop a widely applicable ledger-based carbon accounting framework that enables faithful representations of product-level emissions to facilitate emissions reduction while supporting economic growth and development.

Reliable, comparable and verifiable product-level emissions information will help buyers distinguish products by emissions performance, enable producers to demonstrate improvements, provide investors with reliable emissions data to support decisions, and give policymakers data to design and assess measures that reward lower-emission production. Today, however, figures are often calculated or estimated using differing methods, boundaries and data sources, resulting in data that are difficult to compare and a risk that emissions are over- or under-stated as products move between companies. The opportunity is to build on established science, accounting concepts and existing quantification initiatives to provide a common accounting basis for procurement, investment, product claims and policy applications.

In practical terms, the ledger-based approach treats greenhouse gas (GHG) emissions much as financial accounting treats inventory as goods pass along the value chain. Each company records the direct emissions from its own operations, combines them with the emissions information associated with inputs, attributes those emissions to the products it makes, and passes that information to its customers when products are sold. Each unit of emissions is assigned to one and only one entity at any point in time, so that the net emissions recorded by the entities in a value chain can be added up without overstatement, in a manner intended to improve completeness, comparability and verifiability.

For example, a steel producer records the emissions from its furnaces, adds the embedded emissions associated with purchased iron ore, coal and electricity, and then attributes the resulting total emissions to the steel products it sells. When an automotive supplier purchases that steel to manufacture a component, the emissions information associated with the steel is transferred with it and combined with the supplier's own direct emissions. By design, this allows emissions information to be traced, verified and reconciled through the value chain so the supplier can rely on it when choosing and paying for lower-emission steel, and its own customers can do the same when buying the component.

The foundation established so far

Markets and policymakers increasingly need to distinguish low-emission products from high-emission products — and to reward the difference through regulation, procurement, investment, and trade policy.

Mission, Opportunity and Principles

This July 2026 statement sets out the panel's mission, intended outcomes and seven guiding principles: Accuracy; Verifiability; Comparability; Representational faithfulness; Fungibility; Conservation across entities; and Completeness of scope. In brief, the principles call for accounts that are correct, independently verifiable, comparable, true to the underlying reality, expressed in consistent units and complete within their defined boundaries, with each unit of emissions assigned to only one entity at a time. The panel's intended outcomes include a framework that can be widely adopted at reasonable investment, supports policy interoperability, remains technology-neutral and seeks to be compatible with existing regulatory requirements and disclosure standards.

Comments on the panel's publications can be submitted through the feedback forms available on the **ICC website**.



The Carbon Accounting Landscape Review

The Secretariat's review maps existing quantification methods, standards, digital initiatives and regulatory approaches. It recognises the value of established life-cycle methods, sector guidance and data-exchange systems. At the same time, it identifes challenges and open questions in the comparability of product-level results, in the treatment of difficult cases such as removals, biogenic carbon and market instruments, and in the attribution, transfer and reconciliation of emissions information across value chains. The review is a resource for deliberation, rather than a statement of the panel's final conclusions.

The task now is to translate this foundation into a framework that connects product-level records within and between companies. The framework is intended to support different applications while allowing each programme that uses it to retain its own requirements. The framework is intended to be complementary to and interoperable with established standards and initiatives addressing quantification, data exchange or disclosure, such as the ISO 14064 series, ISO 14067, the GHG Protocol and the Partnership for Carbon Transparency (PACT), and to support interoperability across markets and regulatory systems to the greatest extent possible.

Connecting the layers of carbon information

The framework is intended to operate within the wider carbon information ecosystem. Three connected layers help explain its role and relationship to existing work:

- **Data and quantification layer.** Primary information from operations, including measurements and activity records, and secondary information, including emission factors and databases, provides inputs for quantification. Scientific calculation methods and sector guidance translate these inputs into emissions information.

- **Accounting rules and systems layer.** Common rules organise quantified emissions into records: when emissions and eligible removals are recognised, whether and how they are attributed to products, and how information is transferred and reconciled. Enterprise systems maintain the records, while controls, verification and audit processes support their integrity.

- **Applications layer.** Procurement programmes, policy and regulatory frameworks, corporate disclosure requirements, product declarations and investors may use the accounting information for different purposes. These applications may require specific boundaries, classifications or additional calculations.

Quantification, accounting and disclosure perform distinct but complementary functions.

- **Quantification** determines the emissions associated with an activity.

- **Accounting,** in the sense used in financial accounting, defines how those quantities are recorded, attributed, transferred and reconciled through transactions so that they add up consistently across entities.

- **Disclosure** presents information for a particular audience or requirement. Individual standards may address more than one of these functions.

A common accounting record should allow emissions information to be reused across applications while keeping adjustments traceable. It should also draw on suitable existing quantification methods and data-exchange protocols. It would not, by itself, make every reporting requirement identical or eliminate the need for application-specific calculations.



What the framework is expected to contain

The proposed framework comprises three complementary pillars, moving from shared concepts to accounting requirements and practical implementation. The following sections describe the content each pillar is expected to address, with detailed treatment of individual topics to be determined through the panel's deliberations. Inclusion of a topic here does not imply that its treatment has already been agreed.

Pillar I — Conceptual framework

Seeks to establish the foundation upon which the accounting requirements are developed and assessed. It is expected to address the following areas:

- Purpose and users. Explains the need for decision-grade product-level information and its uses in procurement, investment and financing, product claims, markets and regulation.
- Scope and relationships. Clarifies the product-first approach, the relationship between product and entity accounts, and how the framework relates to existing quantification, verification and reporting standards.
- Guiding principles. Explains the implications of each principle for framework design and addresses the cost and feasibility of adoption, including the differing capabilities of smaller enterprises and businesses across markets.

Pillar II — Accounting framework

Seeks to set out the rules needed to prepare consistent product-level carbon accounts and connect them across value chains. It is expected to address the following areas:

- Ledger design and responsibility. Who records what? Defines the structure of the accounts, including how emissions and removals are represented, and identifies the entity responsible for recording quantities at each stage of the value chain. It should establish how entries are recognised in, and transferred out of, the accounts.
- Unit of account and boundaries. What exactly is being accounted for? Defines the products and services being accounted for, the greenhouse gases covered, and the relevant entity, product and temporal boundaries. It should address batch and continuous production systems and clarify how the different types of emissions associated with a given product are to be treated within or accompanying the ledger: direct emissions, embedded emissions in inputs, and emissions related to downstream use and end of life.



- Recognition and measurement. When are emissions counted, and how are they measured? Specifies when emissions and eligible removals are recognised and how quantities are established through measurement or scientifically grounded calculation. It should address data hierarchies, estimates and default values where primary data are unavailable, uncertainty, materiality and data-quality indicators. Uncertain or default data should be treated prudently, without unduly disadvantaging smaller or emerging-economy producers, while continuing to reward the generation of primary data.

- Allocation. How are emissions allocated among products produced within a given boundary? Establishes how emissions associated with inputs and operations are attributed to outputs. It should address co-products, production waste, capital goods (including the decommissioning of capital equipment) and overhead activities, together with the role of sector-specific guidance. It should also address recycled and reused materials, and the treatment of market instruments such as energy attribute certificates and of chain-of-custody arrangements. The rules should enable reconciliation of allocated quantities with the relevant accounts.

Transfer and reconciliation. How does emissions information move with products, and how is it checked? Defines the events and records through which carbon information moves with products between companies. It should establish product-to-entity reconciliation and checks across counterparties to preserve completeness and conservation across entities, so that emissions are neither omitted nor double counted.

Removals. When and how are removals recorded? Defines the recognition and evidence requirements for eligible removals. It should determine whether and under what conditions removals may affect product carbon intensity, and how any such effect should be recorded while preserving information on the product's physical carbon intensity.

Verification and assurance. How can the information be independently verified? Establishes the audit trail, documentation, internal controls and data provenance needed for independent verification. It should address the scope and level of assurance, responsibilities of verifiers and how assurance status accompanies transferred information.

These proposed requirements are intended to build on suitable established methodologies while providing the consistency needed to compare products. The framework should distinguish where common rules are necessary and where sector-specific guidance is needed to apply them.

Pillar III — Implementation framework

Explains how the accounting requirements can be applied in practice across different businesses, systems and value chains. It is expected to cover:

- Functional digital requirements. Describes the records and data models needed to connect accounts with source data, methods and calculations while preserving the origin and history of information. It should address secure data exchange, confidentiality, reconciliation and conformance without prescribing a specific technology or vendor.

- Integration and adoption. Explains how the framework can operate within enterprise systems and connect with existing data-exchange protocols. It should consider phased, iterative adoption: records can improve as more suppliers participate, and primary data replace estimates or defaults. It should also consider proportionate arrangements for smaller enterprises and the practical costs of implementation and assurance.

- Ongoing development. Sets out the role of implementation guidance, sector-specific methodologies, case studies and testing in refining the framework. It should identify areas requiring further work and address governance and ongoing maintenance of the framework.

Supporting materials should include a common glossary, technical specifications for ledger records and transactions, and illustrative examples demonstrating how the proposed requirements can be applied across different operating environments.

Publication roadmap

Pillars I and II will be published as consultation drafts, with an opportunity for public comment before each is finalised. Input received through dialogue at the United Nations climate change conference COP31 will help shape both drafts. The current roadmap is as follows:

December 2026	First quarter of 2027
Pillar I - Conceptual framework Publication for consultation, setting out the purpose and scope of the framework and explaining how the Mission, Opportunity and Principles published in July 2026 will shape the accounting requirements.	**Pillar II - Accounting framework** Publication of selected chapters for consultation, setting out proposed requirements for product-level carbon accounting, addressing a subset of the areas described above.

Development of the implementation requirements under Pillar III should proceed in parallel with the accounting work to ensure that practical implementation considerations inform the design of the accounting requirements. The timing for Pillar III will be confirmed as the accounting work progresses.

Engagement at COP31

COP31 provides an opportunity to discuss how this common accounting basis can inform procurement, investment and policy decisions, including trade policy, and support interoperability between policy approaches across jurisdictions, so that lower-emission production can be recognised consistently. Engagement with governments, standard setters, investors, companies and other stakeholders can help identify practical requirements and strengthen connections with existing initiatives. The Secretariat welcomes input on comparability, interoperability and pathways for widespread and practical adoption across sectors and economies. This includes input on measures to support participation by smaller producers and those in emerging economies that may not yet be able to generate primary data, while continuing to reward the generation of primary data.

Comments on the panel's publications can be submitted through the feedback forms available on the **ICC website**.



About the International Chamber of Commerce

The International Chamber of Commerce (ICC) is the institutional representative of more than 45 million companies in over 170 countries. ICC's core mission is to make business work for everyone, every day, everywhere. Through a unique mix of advocacy, solutions and standard setting, we promote international trade, responsible business conduct and a global approach to regulation, in addition to providing market-leading dispute resolution services. Our members include many of the world's leading companies, SMEs, business associations and local chambers of commerce.

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About Carbon Measures

Carbon Measures is a global coalition representing major businesses from diverse industries committed to establishing a more accurate carbon accounting framework and driving market-based solutions to reduce emissions at the lowest cost.

The coalition's work leverages sound science and the principles of financial accounting to help enable a ledger-based carbon accounting framework that would produce investment-grade product-level data. By better tracking emissions through the global economy, this new framework would help businesses differentiate their products and governments make more informed policy decisions.

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