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**Removals in carbon accounting - where’s the missing piece?**

**The problem**

Corporate carbon accounting standards currently treat removals as part of the calculation for the GHG inventory, focusing on the annual net flux of emissions and removals. Matching the approach to national inventories, these GHG removals include passive removals, such as trees that happen to grow in the parking lot.

This leads to the assumption that removals are already integrated into carbon accounting and also suggests that removals are already a reality in corporate climate action. But, although constantly mentioned, removals barely exist in companies’ GHG inventories.

SBTi guidance for net targets in forestry, land and agriculture sectors (FLAG) has opened the discussion on how best to account for biogenic removals within a company’s value chain.[[1]](#footnote-1) But that excludes a large part of the carbon removal approaches that have emerged over the past 5-10 years.

Until recently, lumping together removals with reductions did not matter much. However, under emerging net zero guidance (SBTi, ISO - both due out in 2026), companies with net zero targets will be expected to have separate removals pathways for building the capacity to neutralise or counterbalance their anticipated residual emissions, in parallel with their reduction pathways.

Separately, companies in hard-to-abate sectors are starting to explore the potential of embedding removals into their core operations. Companies producing pulp and paper or waste incinerators, for example, could capture and durably store their biogenic CO2 emissions, or mining companies could crush and spread waste stone to use as enhanced rock weathering. While still tiny, these ‘embedded removals’ are likely to play a significant role in removal scale up over the next two decades.

As these different corporate strategies[[2]](#footnote-2) mature, we will need a clear understanding of how to account for removals in a more focused way incorporating:

* **Removal credits** (out of boundary)
* **Inset removals** (in supply chain)
* **Embedded removals** (in core operations)

The European CSRD gave some guidance on how to report more transparently on removal actions, noting in an [appendix](https://xbrl.efrag.org/e-esrs/esrs-set1-2023.html#d1e12453-3-1): “there are no generally accepted concepts and methodologies for accounting for GHG removals”. Ongoing efforts to improve carbon accounting and disclosure could, however, address this issue. GHG Protocol[[3]](#footnote-3) and ISO are currently refreshing (and trying to align) their corporate carbon accounting standards (drafts planned for Q2 2026). In parallel, there are several initiatives underway to find ways to account for (and therefore incentivise) corporate mitigation activities by integrating intervention/consequential accounting[[4]](#footnote-4) into inventory accounting methodologies.

But the carbon accounting experts working on improving both inventory and intervention accounting honed their skills in a world where removals were merely an afterthought. Most find it hard to accept that it is important to focus on removals in an exercise that is already very complex and political.

**Big picture: why have a clear accounting focus on removals?**

Here are five reasons why it is important to know exactly what removals corporates are buying or accounting for:

1. **Avoid mitigation deterrence**: Removals can never be an alternative to robust decarbonization, but net zero cannot be achieved without them. Accounting clearly for removals makes having separate targets or pathways possible without removing the urgency for reducing emissions.
2. **Ensure reporting transparency**: There is a lack of clarity about when GHG emissions are being netted and when not - and also about when netting makes sense and when it reduces transparency.
3. **Get more clarity on mitigation actions**: Accounting processes must be overhauled, in any case, to understand and quantify the impact of specific mitigation actions, including in the removals space.
4. **Build and scale removals capacity**: Companies need to start deploying carbon removals now if they want to achieve net zero later. A clear separation of removals can help focus attention on the outcome of building the gigatonne scale capacity for removals that is needed (both now to slow the pace of warming and later to reach and maintain net zero).
5. **Enable robust reversal accounting:** While a company’s reductions are permanent, removals have a range of reversal risks, which would need to be compensated by corporates in such an event. Joint reporting of removals and reductions will not allow for the necessary transparency and accountability for such measures.

**How could GHG accounting address removals?**

Three ideas:

* Could the GHG inventory be split into two parts: “GHG emissions inventory” and “GHG removals inventory”? The net of these two, where relevant, would be “net GHG inventory”. Being able to talk about the three different inventories (emissions, removals, net) could help companies to develop net zero strategies that address the outcomes they need directly, without contorting themselves around accounting rules.
* Could the removals inventory categorise removal credits, insetting and embedded removals, with specific quality and integrity criteria for each type, providing the information to continuously monitor the removals as companies make the transition towards net zero?
* Could we have an intervention accounting module for removals that would be used for efforts to counterbalance residual emissions or to embed carbon removal more generally as part of a contribution to global net zero, similar to the thinking underway for avoided emissions?

**What are we aiming for?**

We aim to work with ISO, GHGP and other initiatives to help them integrate transparent accounting for removals into their thinking - both in inventory and intervention accounting.

The shifts to enable this are partly a matter of mindset - understanding the need to make changes that would enable companies more transparently and credibly to account for removals as part of their net zero strategies. That’s a top-down approach.

But given the complexity of carbon accounting, we will need to work with the carbon accounting community on specific use cases to identify and address the problems that arise as removals are more clearly integrated.

1. That explains the hype around insetting, sometimes as part of real supply chain transformation, but often just as a way to account for removals or even to avoid strict quality criteria for removal credits. The *GHG Protocol Land Sector and Removals* guidance, due out by 2026 after years of delay, is still struggling to square this circle. [↑](#footnote-ref-1)
2. See on insetting and embedded removals: [Building the case for in-value chain action on carbon dioxide removal](https://www.wbcsd.org/resources/building-the-case-for-in-value-chain-action-on-carbon-dioxide-removal/), WBCSD (December 2024) [↑](#footnote-ref-2)
3. [GHG Protocol standards development and governance repository](https://ghgprotocol.org/standards-development-and-governance-repository) [↑](#footnote-ref-3)
4. [The differences between allocational and consequential greenhouse gas accounting - Summarized](https://ghginstitute.org/wp-content/uploads/2025/01/Allocational-and-Consequential_January-2025.pdf), Michael Gillenwater (January 2025) [↑](#footnote-ref-4)