



September 11, 2026

Lauren Sanchez
Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Submitted Electronically via CARB Internet Comment Form and Email:
climatedisclosure@arb.ca.gov

Re: Comment Letter in Response to July 21, 2026 Public Workshop: California Corporate Greenhouse Gas Reporting Program

Dear Chair Sanchez:

The Society for Corporate Governance (“Society”) submits this letter in response to the California Air Resources Board’s (“CARB”) July 21, 2026, virtual public workshop (the “July Workshop”) regarding the development of the California Corporate Greenhouse Gas (“GHG”) Reporting Program authorized by Senate Bill 253 (Wiener, Stats. 2023; codified in Health & Safety Code (“HSC”) § 38532), as amended by SB 219 (Wiener, Stats. 2024, Chapter 766).

The Society and its members have participated extensively throughout CARB’s implementation process for SB 253. Our comments below respond to the regulatory concepts presented at the July Workshop and focus on four areas that we believe are particularly important to the development of a workable and interoperable reporting framework: (I) reporting deadline and reporting period; (II) interoperability; (III) assurance; and (IV) implementation.

I. Reporting Deadline and Reporting Period

CARB’s Proposed Regulatory Approach: “Reporting entities shall disclose their Scope 1, Scope 2, and Scope 3 GHG emissions the preceding fiscal year. GHG emissions shall be disclosed in an annual report submitted to CARB on or before November 10 of the reporting year.”¹

Recommendation:

- **Reporting Deadline and Reporting Period:** CARB should retain its proposed November 10 annual reporting deadline and, importantly, define the “preceding fiscal

¹ July Workshop Presentation Slides at 23 available at https://ww2.arb.ca.gov/sites/default/files/2026-07/SB_253_Presentation_July_2026.pdf (hereafter, “July Workshop Slides”). The contemplated regulatory text appears to be missing the word “for” before “the preceding fiscal year.” Furthermore, the July Workshop did not offer a definition for “preceding fiscal year.” Based on CARB staff’s response during the Workshop Q&A session, we understand that CARB is contemplating November 10 as the annual reporting deadline beginning in 2027, rather than solely for the 2026 reporting cycle.

year” as the reporting entity’s fiscal year ended in the calendar year immediately preceding the reporting year. A reporting entity should be permitted, but not required, to report its more recently completed fiscal year if it has sufficient time to complete the necessary data collection, calculations, assurance, governance, and disclosure processes. CARB should also provide a reasonable and readily available mechanism for reporting after November 10 where additional time is necessary because of the reporting entity’s existing reporting processes or other circumstances, including the scope of any additional California-specific requirements ultimately established by CARB.

- **Alternative Approach 1:** If CARB retains November 10 but does not adopt the preceding-calendar-year convention, the required reporting period should in no event be a fiscal year for which the reporting entity has had less than nine months following its particular fiscal year-end to complete the reporting process.
- **Alternative Approach 2:** If CARB does not retain November 10, it could instead establish the annual reporting deadline by reference to each reporting entity’s fiscal year-end, with reporting entities provided not less than nine months following fiscal year-end and with the same reasonable flexibility where additional time is necessary.
- **SB 253 Reporting Applicability and Fee Administration:** CARB should address separately the timing of SB 253 reporting applicability determinations and fee administration where those determinations depend on California tax-return information. The determination date by which an entity qualifies as a reporting entity and its fee obligations are established need not—and should not—dictate either the fiscal year for which emissions must initially be reported or the amount of time it has to prepare its first emissions report. As discussed in Section E below, CARB should establish an administrative mechanism and timing for applicability and fee determinations that accommodates the availability of the California tax-return information on which CARB proposes to rely.

Rationale:

A. Each of the three approaches described above would accommodate SB 253’s direction that CARB take into account reporting entities’ actual reporting timelines, including data availability and assurance capacity.

Each approach provides reporting entities an appropriate period following fiscal year-end to complete the reporting process and accommodates the statutory factors CARB is directed to consider in establishing reporting timelines. By contrast, a framework that requires reporting entities to complete the reporting process within a materially shorter period than is supported by the record before CARB would raise serious concerns as to whether CARB had adequately accounted for the statutory timing factors and the evidentiary record under SB 253 and the California Administrative Procedure Act.

B. By using a preceding-calendar-year approach, CARB can retain a fixed November 10 reporting deadline while accommodating reporting entities’ differing fiscal years and reporting cycles consistent with SB 253’s timing directives.

A single annual reporting deadline can provide reporting entities and CARB with useful certainty and administrative predictability, provided that the required reporting period is defined in a manner that accommodates differing fiscal year-ends and provides each reporting entity

sufficient time following its particular fiscal year-end to complete the reporting process. Companies need sufficient time *after their own fiscal year-end* to gather emissions information, perform emissions calculations, prepare disclosures, obtain assurance, complete their internal governance and review processes, and publicly report the information. Under the recommended preceding-calendar-year approach, a reporting entity with a December 31 fiscal year-end would have more than ten months following its fiscal year-end before the November 10 reporting deadline, and reporting entities with earlier fiscal year-ends would have additional time. SB 253 expressly directs CARB to take into account the timing by which reporting entities receive Scope 1, Scope 2, and Scope 3 emissions data and the capacity for third-party assurance engagements to be performed. CARB can satisfy that statutory direction while retaining the November 10 deadline by defining the required reporting period as the reporting entity's fiscal year ended in the preceding calendar year, while permitting reporting entities that determine they are able to do so to report a more recently completed fiscal year.

The recommended approach is also consistent with other well-established regulatory reporting regimes. Regulatory reporting regimes routinely account for company-specific fiscal years. For example, the SEC measures Form 10-K filing deadlines from each reporting company's fiscal year-end, and other California reporting requirements similarly use fiscal year-end as a timing reference.² These approaches reinforce the importance of defining the SB 253 reporting period by reference to each reporting entity's actual fiscal year rather than an arbitrary fixed fiscal-year cutoff.

The approach is also administratively practicable. As we have repeatedly noted in our comment letters to CARB, many companies have fiscal years that do not coincide with the calendar year, and some companies use 52/53-week fiscal years whose precise year-end varies from year to year. Defining the required reporting period as the reporting entity's fiscal year ended in the calendar year preceding the reporting year would provide a simple and predictable rule that accommodates those differing fiscal-year structures without requiring CARB to establish an arbitrary fiscal-year cutoff. It also would avoid requiring companies whose fiscal years end later in the calendar year to accelerate established reporting processes merely to meet a common November 10 deadline. At the same time, reporting entities that determine they are able to complete their reporting processes for a more recently completed fiscal year should be permitted to elect to report that more current period.

C. If CARB retains November 10, it should define “preceding fiscal year” in a manner that affords reporting entities sufficient time to complete the required reporting process.

² California requires domestic and registered foreign publicly traded companies to file a Corporate Disclosure Statement (SI-PT) annually with the Secretary of State within 150 days of the end of its fiscal year, and CARB's Community Air Protection Program requires local air quality management districts and air pollution control districts to append to yearly reports their financial statements displaying revenues and expenditures related to projects funded by Program incentives, in formats consistent with GAAP, no later than six months after each district's fiscal year end. See California Corporations Code sections 1502.1 and 2117.1 and <https://www.sos.ca.gov/business-programs/diversity-boards/general-faqs>, and California Air Resources Board, *Community Air Protection Incentives Guidelines* (revised April 4, 2024), page 3-14 at <https://www2.arb.ca.gov/sites/default/files/2024-04/FINAL%20CAP%20Incentives%20Guidelines%20-%202024-04-04.pdf>, respectively.

CARB's July Workshop proposal does not define "preceding fiscal year" or indicate that CARB intends to continue after 2026 the reporting-period flexibility provided under the initial reporting framework.

If "preceding fiscal year" means the reporting entity's most recently completed fiscal year before November 10, the proposed fixed deadline could provide companies with materially different—and in some cases insufficient—periods in which to complete the required reporting process, which would conflict with SB 253's statutory requirements. A December 31 fiscal-year reporting entity would have more than ten months following fiscal year-end, while a June 30 fiscal-year reporting entity would have little more than four months. A reporting entity with a fiscal year ending still later in the year could have substantially less time.

CARB avoided this problem in 2026 by permitting companies outside the January 1–February 1 fiscal-year-end window to report an earlier fiscal year, thereby avoiding a shorter preparation period, albeit with the tradeoff of less current information. Beginning in 2027, when reporting and assurance requirements will be substantially more demanding, CARB should not adopt a framework that reduces the post-fiscal-year preparation period.

CARB can preserve November 10 as a consistent annual reporting deadline while addressing these concerns through a simple definition of the required reporting period. Specifically, the "preceding fiscal year" should be defined as the reporting entity's fiscal year ended in the calendar year immediately preceding the reporting year. Thus, for example, a report due November 10, 2027 generally would cover the reporting entity's fiscal year ended in calendar 2026, regardless of when during 2026 that fiscal year ended.

A reporting entity should be permitted, but not required, to report a more recently completed fiscal year where it has sufficient time to complete the necessary data collection, calculations, assurance, governance, and disclosure processes. This election would allow reporting entities that already report on a more current cycle—including for purposes of voluntary or other mandatory reporting regimes—to maintain alignment with those reporting practices without requiring other companies to accelerate their established processes.

This approach would preserve the certainty and administrative simplicity of a common November 10 deadline, eliminate the need for arbitrary fiscal-year cutoffs, and accommodate the substantial variation in companies' actual reporting timelines reflected in the Society's member data. CARB should nevertheless also provide a reasonable and readily available mechanism for an individual reporting entity to report after November 10 where, based on its particular reporting processes, data availability, assurance schedule, or other relevant circumstances, it cannot reasonably complete the required reporting process by November 10 despite reasonable efforts. Such flexibility should not be limited to extraordinary or extreme hardship and will be particularly important if CARB adopts requirements that extend beyond the requirements of the Greenhouse Gas Protocol (hereafter, "GHG Protocol" or "GHGP").

D. In any event, CARB's reporting framework should provide reporting entities sufficient time following fiscal year-end to complete the reporting process, with reasonable flexibility where additional time is necessary.

If CARB retains November 10 but does not adopt this preceding-calendar-year approach, the regulations should at minimum ensure that no reporting entity is required to report a fiscal year for which it has had less than nine months following its particular fiscal year-end to complete the

required reporting process. If CARB instead does not retain November 10, it could establish reporting deadlines by reference to each reporting entity's fiscal year-end, with the same reasonable flexibility where additional time is necessary.

The text of SB 253 explicitly requires that “the reporting timelines shall consider industry stakeholder input and shall take into account the timelines by which reporting entities typically receive scope 1, scope 2, and scope 3 emissions data, as well as the capacity for an independent assurance engagement to be performed by a third-party assurance provider.” CARB’s approach to 2026 reporting itself reflects recognition of the need for a substantial post-fiscal-year preparation period. By moving the 2026 reporting deadline from August 10 to November 10, CARB’s 2026 framework provides reporting entities whose fiscal years end between January 1 and February 1 approximately nine to ten months to report emissions for their most recently completed fiscal year. Even a reporting entity whose fiscal year ends on February 1—the latest fiscal year-end included within CARB’s 2026 framework for reporting the most recently completed fiscal year—has more than nine months following fiscal year-end to complete its report. Importantly, the 2026 obligation is limited to Scope 1 and Scope 2 reporting and does not require limited assurance. Beginning in 2027, reporting entities will face a materially greater reporting burden: Scope 1 and Scope 2 reporting with limited assurance, and, based on CARB’s current July Workshop proposal, five categories of Scope 3 emissions. Thus, even under the substantially narrower 2026 reporting obligation, CARB has recognized the need for a substantial post-fiscal-year preparation period. Beginning in 2027, when the reporting and assurance requirements become substantially more demanding, CARB should not require companies to accelerate established reporting processes merely because their fiscal year-end falls later in the calendar year.

Consistent with the statutory mandate, to inform this comment letter, the Society again surveyed members at likely reporting entities regarding the minimum amount of time their companies would generally require, assuming CARB adopts the July Workshop concepts, to complete emissions calculations, obtain limited assurance, complete internal governance and review processes, and publicly report the required information. Responses received to date generally identify preparation periods ranging from approximately six to eleven months following fiscal year-end. The Society’s previously submitted exemplar timeline, prepared by mature climate-reporting companies and previously shared with CARB staff, independently demonstrates that the reporting process can extend to approximately nine months even for experienced reporters.

The range of responses demonstrates that there is no single post-fiscal-year period that will be sufficient for every reporting entity under existing reporting practices. Some respondents identified reporting timelines extending to approximately ten or eleven months, reflecting differences in reporting practices, data availability, organizational complexity, assurance processes, and other company-specific circumstances. The preceding-calendar-year approach accommodates these differences more effectively than a rule that assumes every reporting entity can reasonably complete the process within the same prescribed post-fiscal-year period. CARB should nevertheless provide a reasonable and readily available mechanism for reporting entities that, despite reasonable efforts, require additional time to complete the required reporting and assurance processes.

Any such flexibility should not be limited to circumstances of extraordinary or extreme hardship. The statutory reporting factors themselves recognize that data availability and assurance capacity vary among reporting entities. A reporting entity should be able to obtain reasonable additional time upon demonstrating that, based on its reporting processes, data availability, assurance schedule, or other relevant circumstances, it cannot reasonably complete the required process within the generally applicable period despite reasonable efforts.

Notably, the Society's prior member surveys and exemplar timeline were informed principally by companies' experience with existing GHG reporting practices aligned with the GHG Protocol. Accordingly, even the substantial preparation period provided under the framework recommended above should not be understood as necessarily sufficient if CARB ultimately establishes additional California-specific requirements that depart from, supplement, or materially expand upon the GHG Protocol standards and guidance. Such requirements may necessitate additional data collection, calculations, controls, internal review, and assurance, and therefore additional reporting time. As discussed in Section II below, this concern is particularly relevant to elements of CARB's July Workshop proposals that would modify or expand upon GHG Protocol requirements and guidance in ways that are not consistent with existing mandatory or voluntary reporting regimes.³

Additionally, several responses to the Society's recent survey illustrate that Scope 3 reporting can materially lengthen the process. These timing challenges are particularly significant because Scope 3 calculations frequently rely on information obtained from third parties outside the reporting entity's internal reporting systems or controls.

For some companies, including financial institutions with financed-emissions reporting obligations, these Scope 3 challenges can be particularly significant because relevant data may depend on borrowers, investees, portfolio companies, and other third parties. Similar dependencies arise across industries where companies must obtain information from suppliers, employees and other upstream and downstream value-chain participants. Reporting timelines should therefore account for these external dependencies so that companies are not forced to substitute preliminary estimates or incomplete information merely to meet an artificially compressed deadline.

Respondents also emphasized that assurance can be a substantial component of the reporting schedule,⁴ highlighting the need for CARB to consider independent assurance provider capacity. Concentrating a large number of assurance engagements around a single statewide deadline may create scheduling constraints, increase costs, and make timely completion more difficult—the very type of provider-capacity issue that SB 253 directs CARB to consider.

Requiring reporting entities to accelerate established GHG emissions reporting cycles may require substantial additional resources and could impair the effectiveness of their compliance, governance, and disclosure procedures, as well as the quality of the data reported. This concern is particularly acute for large, complex reporting entities that operate through multiple legal subsidiaries, affiliates, business units, joint ventures, and international operations. Preparing a consolidated emissions inventory frequently requires the collection, validation, reconciliation, and consolidation of information from multiple systems and entities operating on different reporting schedules. Those governance, control, and consolidation processes exist to

³ Although the Society's current questionnaire asked respondents to assume the principal reporting concepts presented at the July Workshop, respondents generally have not yet implemented the additional CARB-specific requirements under consideration, and their responses therefore would likely not reflect the full incremental time those requirements would entail.

⁴ One respondent estimated approximately three months for assurance within a nine-month core reporting process and recommended an additional two-month buffer to address assurance findings or other contingencies. A preliminary response from another respondent reported that its existing Scope 1 and Scope 2 process took approximately seven months, approximately 3.5 months of which was attributable to assurance, while noting that it had not yet estimated the additional time necessary to incorporate all five Scope 3 categories contemplated by CARB.

support the completeness, consistency, and reliability of public disclosures and should be afforded sufficient time to operate as designed, particularly to meet California-specific reporting requirements.

E. CARB should separately address the timing of SB 253 reporting applicability determinations and fee administration where those determinations depend on California tax-return information.

Under the now-reproposed Initial Regulation, CARB has proposed to define “revenue” and “doing business” for purposes of determining the applicability of SB 253 by reference to information derived from California Franchise Tax Board filings. In addition, CARB has proposed a two-year lookback to determine SB 253 reporting applicability. A reasonable lookback mechanism can provide greater stability and predictability in applicability determinations, but its effectiveness depends on CARB identifying the fiscal/tax years used for the lookback in a manner that permits entities to determine their SB 253 reporting applicability sufficiently in advance of the corresponding emissions reporting deadline.

The Society recognizes CARB’s understandable interest in a predictable annual process for identifying reporting entities and administering program fees. That administrative interest is distinct, however, from determining the fiscal year for which a reporting entity must report its GHG emissions and the amount of time necessary to prepare and file that report. CARB should therefore address these items separately: the SB 253 reporting applicability and fee-administration process should be structured around the availability of the tax information CARB elects to use for those purposes, and the emissions reporting period and corresponding reporting deadline should be determined by the reporting entity’s fiscal year and the time reasonably necessary to prepare the required emissions disclosure, as discussed above.

CARB’s proposed November 10 emissions reporting deadline highlights the need to establish a separate and workable timetable for applicability determinations. California business tax-return filing deadlines generally are determined by reference to each taxpayer’s taxable year rather than by a single calendar date. For example, for C corporations filing Form 100, the return generally is due on the 15th day of the fourth month following the close of the taxable year, with an automatic extension to the 15th day of the eleventh month following the close of the taxable year. Accordingly, November 15 is the automatically extended filing deadline for a calendar-year C corporation, but corporations with non-calendar taxable years may have California tax-return filing deadlines at different points throughout the year.⁵

As a result, depending on the fiscal/tax years CARB uses under its proposed two-year lookback, some companies near the revenue or “doing business” thresholds may not have sufficiently finalized tax information available far enough in advance of the applicable emissions reporting deadline to determine with reasonable certainty whether they are subject to SB 253. For some companies, this uncertainty may affect whether they file a SB 253 report at all in a particular year. For other companies (e.g., companies that report on a consolidated basis), it may affect their ability to determine sufficiently in advance of the applicable reporting deadline which entities are covered by the consolidated report and therefore subject to applicable fees.

CARB’s proposed two-year lookback can provide useful stability in determining applicability, but CARB should (1) clarify precisely which fiscal/tax years are used to determine applicability for each reporting year and when that determination is expected to be made, and (2) ensure that entities whose applicability cannot reasonably be determined until later in the reporting cycle are

⁵ Cal. Franchise Tax Board, *Due Dates: Businesses* (accessed Sept. 2026).

provided sufficient implementation time before their first required emissions report. If CARB requires a common annual date for purposes of identifying reporting entities or administering fees, CARB should establish a separate applicability and fee-administration process that accommodates the differing timelines on which the California tax information on which CARB proposes to rely becomes available.

These SB 253 reporting applicability and fee-administration mechanics should remain distinct from, but appropriately coordinated with, the emissions reporting period and corresponding reporting deadline discussed in Sections B through D above. The date on which a company's California tax return is filed should not determine the fiscal year for which emissions must be reported. At the same time, the reporting framework must recognize that a new reporting entity cannot reasonably be expected to undertake the necessary data collection, calculations, assurance, governance, and disclosure processes before it can reasonably determine that it is subject to SB 253.

Accordingly, as discussed separately in the Implementation section, the generally applicable reporting-period rule described above should not apply to a new reporting entity in a manner that effectively requires it to prepare an emissions report before it could reasonably determine that it was subject to SB 253. CARB should provide an appropriate transition period for new reporting entities for which SB 253 applicability cannot reasonably be determined sufficiently in advance of an otherwise applicable reporting deadline. The regulations should also address entities that move into and out of SB 253 reporting status under the proposed lookback framework so that reporting obligations are predictable from year to year.

II. Interoperability — Alignment of CARB's Proposal with the GHG Protocol and Other Mandatory Disclosure Regimes

At the July Workshop, CARB staff characterized its proposed subsequent regulation as aligned with the GHG Protocol and stated that it seeks to “promote interoperability with other climate disclosure programs, including IFRS S2, EU CSRD, and others, to the greatest extent possible.” The GHG Protocol standards and guidance are the world's most widely adopted framework for calculating and reporting GHG emissions and underlie the GHG emissions reporting requirements included in the regulatory regimes of other major jurisdictions, including the European Union's (“EU”) revised European Sustainability Reporting Standards (“ESRS”), which set out the specific disclosures required under the EU's Corporate Sustainability Reporting Directive (“CSRD”), and the IFRS S2 standard developed by the International Sustainability Standards Board (“ISSB”). The Society agrees with CARB's goal of maximizing interoperability with other regimes and aligning with the GHG Protocol. We believe those are key principles in developing a disclosure regime that produces information that is readily comparable and understandable by stakeholders, and that avoids imposing unnecessary costs and duplicative or inconsistent reporting obligations on companies.

We have, however, identified a number of specific aspects of CARB's proposal that are inconsistent with those objectives, including (1) converting GHG Protocol “recommendations” or “permissions” (indicated by use of the word “should” or “may” rather than “shall” in the GHG Protocol⁶) into binding requirements; (2) mandating certain California-specific additions that are

⁶ The GHG Protocol Corporate Standard (page 4) and the accompanying GHG Protocol Scope 2 Guidance (page 9-10) define the terminology around requirements (“shall” or “required”), recommendations (“should” or “can(not)”), and allowable or permissible options (“may”). See GHG Protocol Corporate Standard, available at

not required by the GHG Protocol, notwithstanding SB 253's express limitation on requiring additional emissions reporting beyond that required by the GHG Protocol; and (3) imposing requirements that diverge from other major regulatory reporting frameworks. As a result, CARB's proposal undermines the interoperability and minimization of duplicative reporting that SB 253 expressly directs CARB to achieve.

Mandating emissions reporting beyond that required by the GHG Protocol directly conflicts with and exceeds CARB's statutory mandate. Indeed, SB 253 expressly provides that "[t]his section does not require additional reporting of emissions of greenhouse gases beyond the reporting of scope 1 emissions, scope 2 emissions, and scope 3 emissions required pursuant to the Greenhouse Gas Protocol standards and guidance," unless an alternative standard is adopted after 2033.⁷ Such additional requirements, and other requirements that unnecessarily diverge from existing reporting regimes, also would undermine the interoperability and minimization of duplicative reporting that SB 253 expressly requires⁸ and substantially increase complexity and cost for reporting entities.

Recommendation: CARB should fully align its regulatory framework with the GHG Protocol. To achieve that, CARB should not convert GHG Protocol recommendations or permissions into mandatory California requirements or otherwise impose California-specific emissions reporting requirements.

A. Alignment with the GHG Protocol

As further detailed below, a significant number of CARB's proposed concepts for the subsequent SB 253 rulemaking are not aligned with the GHG Protocol. In some cases, they introduce new requirements not covered by the GHG Protocol. In others, they convert recommendations or permissions under the GHG Protocol into requirements, removing the discretion companies are afforded under the GHG Protocol. Deviating from the current GHG Protocol, as CARB proposes, would create a California-specific standard that undermines interoperability with other disclosure regimes, increasing compliance costs, risks, and burdens for reporting entities. CARB should therefore implement SB 253 in a manner that preserves the requirements, recommendations, permissions, and flexibility of the GHG Protocol rather than replacing that framework with more prescriptive California-specific reporting requirements. The GHG Protocol is expected to be further amended in the near future, further increasing the risk that creating an overly prescriptive framework now will result in unforeseen conflicts with future iterations of the GHG Protocol. Consistent with the terms of the statute,⁹ any future changes to the rules adopted by CARB, including any changes to ensure "full conformance"¹⁰ with subsequent amendments to the GHG Protocol, should be the subject of new rulemaking subject to a full notice and comment period.

<https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>. See the GHG Protocol Scope 2 Guidance, available at <https://ghgprotocol.org/sites/default/files/2023-03/Scope%202%20Guidance.pdf>.

⁷ See HSC § 38532(c)(6).

⁸ See HSC § 38532(c)(2)(D).

⁹ See HSC § 38532(c)(1)(A)(iii).

¹⁰ Ibid.

Proposed CARB Requirement ¹¹		GHG Protocol	Notes on Alignment
<i>Proposed CARB requirements that would introduce new requirements beyond what is included in the GHG Protocol</i>			
Slide 13 – Quantification Methodologies	Companies shall disclose the GHG quantification methods and measurement approaches used for the calculation of all emissions in reports. These include: 1. Consolidation approach for organizational boundaries. 2. Global Warming Potential values and assessment report vintage. 3. Emission factor sources for all calculations with key attributes (i.e., vintage, geographic and technical representativeness,	Required under GHG Protocol: • Organizational boundary¹² including consolidation approach • GWP values (Scope 3)¹³ • Emission factor sources (Scope 3)¹⁴ • Methodologies used to calculate or measure emissions¹⁵ Not Explicitly Addressed in GHG Protocol: • Assessment report vintage • GWP values	The proposal would go beyond implementing GHG Protocol requirements. The GHG Protocol requires disclosure of quantification methodologies, but does not expressly require all of the specific information CARB would mandate.¹⁶ Recommendation: Align required disclosures with the GHG Protocol; do not mandate additional prescribed detail.

¹¹ July Workshop Slides.

¹² See GHG Protocol Corporate Standard, page 63.

¹³ Ibid., page 119.

¹⁴ Ibid.

¹⁵ Ibid., page 63; GHG Protocol Scope 2 Guidance, page 61; GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard, page 119, available at https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf.

¹⁶ The GHG Protocol requires disclosure of the methodologies used to calculate emissions and certain related information. However, certain elements CARB proposes to require on Slide 13—including the assessment-report vintage associated with GWP values and specified attributes of emission factors—are not expressly required by the GHG Protocol for all scopes. To the extent such information may be relevant to or encompassed within a reporting entity's disclosure of its methodologies, CARB should preserve the flexibility that the GHG Protocol affords companies to report such information rather than prescribe additional California-specific mandatory disclosures.

	uncertainty). 4. Quantification method (e.g., direct measurement or calculation-based method), including any process-specific tools or models used.	(Scope 1 and 2) • Emission factor sources (Scope 1 and 2) • Emission factor key attributes	
Slide 15 – Missing Data Protocols and Substitution Procedure	Reporting entities shall identify any missing data elements or parameters and document any substitute data sources or estimation methods used to quantify emissions in place of the missing data, including the basis for selecting the approach and any assumptions.	Not expressly required. The GHG Protocol permits estimation and use of secondary or proxy data and requires disclosure of certain methodologies and exclusions,¹⁷ but does not require separate reporting of all missing data elements or substitute-data decisions.	CARB’s proposal would create a separate California-specific reporting obligation around missing data and substitutions that is not required by the GHG Protocol and could be difficult to apply given the inherent use of estimation in emissions calculations. SB 253 expressly contemplates “the use of both primary and secondary data sources, including the use of industry average data, proxy data and other generic data” for Scope 3 emissions calculations. The statute therefore recognizes that the use of secondary data sources is common practice in emissions reporting, including under the GHG Protocol, further supporting the position that CARB should not layer on a separate California-specific missing data and substitution disclosure regime.

¹⁷ GHG Protocol Corporate Standard, page 63.

			Recommendation: CARB should not impose a separate missing-data and substitution reporting requirement beyond disclosures required by the GHG Protocol.
Slide 19 – Data Exclusions	Reporting entities may exclude GHG emissions sources, activities, Scope 3 categories, or other information where the omission, misstatement, or obscuring could not be reasonably expected to influence the decisions, assessments, or understanding of users of the disclosure regarding the reporting entity’s GHG emissions inventory, climate-related risks, opportunities, or impacts. 1. In determining data exclusions, reporting entities shall consider whether an exclusion would impair the relevance, completeness, consistency, transparency, or accuracy of the reported emissions inventory. Data exclusions shall be assessed using both quantitative and	The GHG Protocol does require companies to disclose and justify exclusions, but it does not require reporting entities to estimate the magnitude of exclusions or assess whether exclusions impair the relevance, completeness, consistency, transparency, or accuracy of the inventory using both quantitative and qualitative factors.¹⁸	CARB’s proposal goes beyond the GHG Protocol by prescribing a new standard for determining whether information may be excluded and requiring additional analysis and disclosure regarding exclusions, including an estimate of their magnitude if quantifiable. These additional requirements would limit the flexibility provided by the GHG Protocol and add significant time and cost to the preparation of emissions inventories. Recommendation: CARB should align its requirements for data exclusions with the GHG Protocol and should not impose additional California-specific standards for determining exclusions or require disclosure regarding exclusions beyond that required by the GHG Protocol.

¹⁸ GHG Protocol Corporate Value Chain (Scope 3) Standard, page 60-61, 119.

	qualitative factors. 2. Reporting entities must explain and disclose the basis for all data exclusions. For each category, source, facility, operation, or disclosure excluded, the reporting entity shall disclose an estimate of the emissions magnitude of exclusions, if quantifiable.		
Slide 22 – Recalculation of Previous Year Data	Reporting entities may experience changes in reported GHG emissions from prior reporting years due to modifications in corporate structure or accounting, without any corresponding change in actual emissions. These may include changes to organizational boundaries, quantification methods, data sources, and emission factors. Reporting entities shall treat their first reporting year as their base year in accordance with Chapter 5 of the Corporate Standard and shall determine whether the cumulative effect of all structural and methodological changes would result in a change greater than <u>5 percent of</u>	The GHG Protocol requires that companies set a “significance threshold” (which may be qualitative and/or quantitative) that must be applied for “deciding on historic emissions recalculation.”¹⁹ When a recalculation is warranted, the company must provide “appropriate context for any significant emission changes that trigger base year emissions recalculation.”²⁰ Companies are permitted, but not required, to recalculate GHG emissions for all intervening years between base year and	While 5% is a quantitative threshold used by many companies in their recalculation policies, it is a practice, not a GHG Protocol requirement. There may be company-specific circumstances that warrant setting quantitative thresholds that are higher or lower, or the use of qualitative criteria. CARB’s proposed requirement to recalculate “all affected previous years” goes beyond the GHG Protocol, which permits, but does not require, recalculation of all intervening years. Such a requirement

¹⁹ GHG Protocol Corporate Standard, page 35.

²⁰ Ibid., page 63.

	<u>their total GHG emissions for that base year.</u> If such a change occurs, all emissions pursuant to this subarticle shall be recalculated for all affected previous reporting years, and the updated emissions data for those years shall be included in the next annual GHG emissions report along with a description of the changes that led to the recalculation.	reporting period (including details of and reasons for recalculations, if appropriate).²¹	would add substantial time and cost to the preparation and assurance of a GHG inventory, especially as company reporting matures to include more years of data. For example, one Society member reported aggregate costs exceeding \$100,000 for its assurance provider and third-party emissions calculation consultant in connection with recalculating its base-year Scope 3 emissions following an acquisition. It is also unclear whether CARB intends “first reporting year” to mean the reporting entity’s first year of reporting to CARB, rather than the base year the reporting entity already uses under its GHG Protocol-conforming inventory (which often may be the base year for its GHG reduction targets for those that maintain them). Requiring a separate CARB base year could result in reporting entities maintaining different base years for California and other GHG reporting regimes, increasing cost and complexity
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²¹ Ibid., page 38, 64.

			and reducing comparability. This result would be particularly difficult to reconcile with SB 253's express direction that disclosures reflecting acquisitions, divestments, mergers, and other structural changes be made consistently with the GHG Protocol. The need to use a separate base year for California emissions reporting also would pose a substantial risk of confusing users of a company's emissions reporting. Recommendation: CARB should require recalculations in accordance with the GHG Protocol and should not prescribe a California-specific significance threshold, base year, or requirement to recalculate all affected prior reporting periods. CARB also should preserve the GHG Protocol's flexibility regarding the timing of recalculations.²²
<i>Proposed CARB requirements that would transmute GHG Protocol recommendations into requirements</i>			
Slide 14 – Measurement Uncertainty	Reporting entities must assess the uncertainty associated with the methodologies used to	Assessment of data uncertainty is discussed as part of data quality investigations for	The GHG Protocol recognizes that uncertainty assessment is often

²² Ibid., page 37.

	calculate emissions including underlying sources, assumptions, and models and report confidence intervals with data points where applicable. Where a quantitative assessment of uncertainty is not feasible, the reporting entity shall provide an explanation and conduct a qualitative assessment of uncertainty.	“companies that <i>choose</i> to investigate the uncertainty in their emissions inventories” [emphasis added]. It is not required.²³ Reporting information on the quality of the inventory (e.g., information on the causes and magnitude of uncertainties in emission estimates) is listed under Optional Information.²⁴	beyond most companies’ technical capacity, particularly model uncertainty, which it says requires “unique scientific and engineering expertise.”²⁵ Moreover, the GHG Protocol standard emphasizes that uncertainty assessments “cannot be interpreted as an objective measure of quality. Nor can they be used to compare the quality of emission estimates between source categories or companies.”²⁶ CARB’s proposal would convert this GHG Protocol recommendation into a mandatory California reporting requirement. Mandating the use and reporting of uncertainty assessments would significantly increase compliance costs and technical burdens and, given the limitations identified by the GHG Protocol, is unlikely to produce useful information regarding inventory quality for report users. Recommendation: CARB should align with the GHG Protocol and
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²³ Ibid., Chapter 7.

²⁴ Ibid., page 64.

²⁵ Ibid., page 55.

²⁶ Ibid., page 55-56.

			should not convert its recommended or optional uncertainty assessment and disclosure practices into mandatory California reporting requirements.
Slide 16 – Reporting Biogenic Emissions	Biogenic CO₂ emissions from the combustion, consumption, or biodegradation of biomass and biomethane must be included in GHG emissions reports, and shall be reported separately from Scope 1, Scope 2, and Scope 3 emissions totals. CH₄ and N₂O emissions from biogenic sources, and all fossil fuel and industrial GHG emissions that occur in the life cycle of biogenic products or activities other than at the point of combustion, consumption, or degradation (e.g., GHG emissions from processing, transportation, or upstream production of biomass), shall be included within the relevant Scope 1, Scope 2, or Scope 3 emission inventories. 1. Reporting entities already reporting under California	The GHG Protocol requires that “emissions data for direct CO ₂ emissions from biologically sequestered carbon (e.g., CO ₂ from burning biomass/biofuels)” are reported separately from Scopes 1 and 2. ²⁷	Although the GHG Protocol requires direct biogenic CO ₂ emissions to be reported separately from Scope 1 and Scope 2, those emissions are expressly excluded from Scope 1 and are not included in Scope 2 or Scope 3 totals. SB 253, by its terms, requires reporting of Scope 1, Scope 2, and Scope 3 emissions and expressly provides that it does not require additional GHG emissions reporting beyond the Scope 1, Scope 2, and Scope 3 reporting required pursuant to the GHG Protocol. ²⁸ Accordingly, the GHG Protocol’s separate reporting of biogenic CO ₂ does not itself bring those emissions within the reporting mandate established by SB 253. CARB’s proposed

²⁷ Ibid., page 63.

²⁸ See HSC § 38532(c)(1), which requires reporting entities “to annually disclose ... and obtain an assurance engagement ... on all of the reporting entity’s scope 1 emissions, scope 2 emissions, and scope 3 emissions,” and HSC § 38532(c)(6), which provides that the section does not require additional GHG emissions reporting beyond the Scope 1, Scope 2, and Scope 3 reporting required pursuant to the GHG Protocol. Biogenic emissions are not required by the statutory text.

	regulations may quantify biogenic emissions in accordance with the requirements of those programs. In such cases, they must disclose which regulation they are aligning with. 2. Reporting entities not already reporting under California regulations may quantify biogenic emissions in accordance with Corporate Standard guidance, other quantification methodologies, or other regulations beyond California, and must disclose which regulation or methodology they are aligning with. 3. Reporting entities shall disclose all tracking units, quantification methods, emission factors, and other data sources used for calculating biogenic emissions. 4. Emissions reported under section 960XX are subject to assurance requirements established in		additional quantification, supporting-data, and assurance requirements for biogenic emissions therefore go beyond the statute's Scope 1, Scope 2, and Scope 3 reporting framework. Recommendation: CARB should clarify that biogenic CO₂ emissions reported separately from the Scopes under the GHG Protocol are not subject to mandatory reporting or assurance under SB 253.
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	section 960XX.		
Slide 21 – Notifying CARB of Changes to Methodologies	In annual GHG reports, reporting entities must include disclosures of changes to GHG quantification or accounting methods made from the previous reporting year or during the current reporting period, and the reasons for those changes. Reporting entities must consider whether these changes meet recalculation requirements in section 960XX.	The GHG Protocol requires disclosure of “appropriate context for any significant emissions changes that trigger base year emissions recalculation” but “information on the causes of emissions changes that did not trigger a base year emissions recalculation” is listed under Optional Information. ²⁹	The GHG Protocol requires appropriate context for significant methodology changes that trigger base year emissions recalculation, but does not require disclosure of every methodology change from the prior reporting period. CARB’s proposal would therefore convert information that the GHG Protocol treats as optional or recommended into a mandatory California-specific reporting requirement. Recommendation: CARB should require disclosure of methodology changes only to the extent required by the GHG Protocol, including appropriate context for significant emissions changes that trigger base-year emissions recalculation, while preserving the GHG Protocol’s treatment of other such disclosures as recommended or optional rather than mandatory.
Slide 26 – Scope 2 Emissions Reporting	a. In accordance with the Scope 2 Guidance, reporting entities	The GHG Protocol requires Scope 2 emissions to be reported using both	CARB’s dual-method Scope 2 requirement is consistent with the GHG Protocol, but its

²⁹ Ibid., page 63-64.

	shall disclose Scope 2 GHG emissions expressed in metric tons of CO₂ equivalent by source type, including electricity, steam, heating, and cooling emissions. b. In addition to CO₂e, disclosure of Scope 2 GHG emissions generated during the reporting period shall be expressed in metric tons of the following GHGs in CO₂ equivalent: carbon dioxide (CO₂), methane (CH₄), nitrous oxide (N₂O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur	location- and market-based methods.³⁰ Contrary to the information provided by CARB on Slide 26, the GHG Protocol does not require Scope 2 emissions to be further disaggregated by source type, which is listed as Optional Information,³¹ and requires constituent gas disaggregation only “where available.”³² Reporting of emissions data by individual gas is required for total emissions, but not separately by scope.³³	mandatory source-type and constituent-gas disaggregation requirements go beyond what the GHG Protocol requires. In practice, it may be difficult and impractical for companies to provide complete breakdowns of Scope 2 emissions by individual gas in relation to both market-based and location-based accounting methods,³⁴ as companies need to rely on utility companies and other third parties to provide the factors used for emissions calculations. The availability of individual-gas breakdowns in these supplier-specific factors varies widely by utility provider and region. Recommendation: CARB should retain the
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³⁰ GHG Protocol Scope 2 Guidance, page 59.

³¹ GHG Protocol Corporate Standard, page 63.

³² GHG Protocol Scope 2 Guidance, page 49.

³³ GHG Protocol Corporate Standard, page 63.

³⁴ Based on the information reasonably available to them, companies often need to rely on imprecise data and factors of limited quality when computing emissions associated with international operations and when applying grid emissions factors for location-based emissions. The GHG Protocol Scope 2 Guidance indicates that the term “‘grid average’ emission factors reflects a shorthand for a broad category of data sets that characterize all the GHG emissions associated with the quantity of electricity generation produced from facilities located within a specified geographic boundary. Many of these data sets have been compiled for purposes other than corporate accounting and can vary in their inclusion of energy-generation emissions (e.g., which GHGs are included, and how biomass and CHP emissions are treated) and perhaps most significantly, in the spatial facility-inclusion boundaries.” GHG Protocol Scope 2 Guidance, page 53.

	hexafluoride (SF₆) and nitrogen trifluoride (NF₃) and the sum of those gases expressed in metric tons of CO₂e, as required by the Scope 2 Guidance. c. Scope 2 inventories and emissions reported in section 960XX shall be calculated and reported using both market-based and location-based methods. Where emission factors are not available for a given region or energy source, the reporting entity shall document that omission in its inventory.		GHG Protocol-required market-based and location-based reporting, but should not mandate source-type or constituent-gas disaggregation beyond that required by the GHG Protocol.
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B. Interoperability with ESRS and ISSB Standards

SB 253's stated objectives include minimizing duplication of effort and supporting interoperability for reporting entities. The text of SB 253 explicitly requires CARB to "ensure that the regulations adopted pursuant to this subdivision require . . . that the emissions reporting is structured in a way that minimizes duplication of effort and allows a reporting entity to submit to the emissions reporting organization, if contracted for services, or the state board, reports prepared to meet other national and international reporting requirements, including any reports required by the federal government, as long as those reports satisfy all of the requirements of this section."³⁵ Converting disclosures that are recommended or permitted, but not required, by the GHG Protocol into mandatory reporting requirements exceeds the statutory mandate given to CARB.

This principle applies not just to the content of disclosure, but also to how emissions reporting is produced. In particular, at the July Workshop, CARB staff asked if there are situations in which CARB "should encourage or require the prioritization of specific measurement approaches,

³⁵ See HSC § 38532(c)(2)(D).

emission factors or quantification methods.” The GHG Protocol Scope 3 standard also notes expressly that “[c]ompanies may use any combination of primary and secondary data to calculate scope 3 emissions,” that there are situations in which secondary data may be of higher quality, and that “[d]ata selection depends on business goals.”³⁶ The guiding principle is that “[c]ompanies should collect data of sufficient quality to ensure that the inventory appropriately reflects the GHG emissions of the company, supports the company’s goals, and serves the decision-making needs of users.”³⁷ Any rules proposed by CARB should reflect that principle rather than imposing a California-specific requirement that primary data be prioritized or that a particular measurement approach, emission factor, or quantification method be used where the GHG Protocol provides flexibility. Such a requirement would increase costs for companies and impair interoperability with other reporting regimes.

As noted above, the GHG Protocol serves as a common methodological foundation for major climate-related disclosure regimes worldwide, including the EU’s ESRS under the CSRD and the ISSB’s IFRS S2 standard, which are now being adopted in multiple jurisdictions. Because these regulatory standards build upon the GHG Protocol as their shared methodological base, deviations from the GHG Protocol in CARB’s regulation may therefore produce corresponding deviations from these global frameworks that would impede the interoperability that CARB has expressly stated it seeks to promote.

The ISSB’s IFRS S2 Climate-related Disclosures standard requires disclosure of Scope 1, 2, and 3 GHG emissions measured in accordance with the GHG Protocol. The ESRS E1 standard similarly builds on the GHG Protocol. In contrast with CARB’s proposal, IFRS S2 and ESRS E1 do not impose mandatory measurement uncertainty quantification or confidence intervals. IFRS S2 also does not require disclosure of a quantified “primary data percentage” for Scope 3 emissions categories, and the amended ESRS applicable to financial years beginning on or after January 1, 2027, eliminated the corresponding ESRS datapoint. The amended ESRS likewise expressly treats disaggregation of GHG emissions by constituent gas as optional rather than required.³⁸ Additionally, the ISSB’s IFRS S1 and the ESRS take a different approach to data exclusion than the proposal set forth by CARB, as further detailed below.

- *Data Exclusion Standard.* CARB’s proposed approach appears to require reporting entities to determine that “users of the disclosure” (an undefined and unbounded audience) would have understood “the reporting entity’s GHG emissions inventory, climate-related risks, opportunities or impacts” differently had the omitted information been included in the disclosure. Such a broad phrasing implies that reporting entities would need to consider any individual that might review the SB 253 disclosure, regardless of whether the individual is reasonable or informed and regardless of the purpose or vantage point through which they are evaluating the disclosure. Reporting

³⁶ GHG Protocol Corporate Value Chain (Scope 3) Standard, pages 74 - 75.

³⁷ Ibid. at 74.

³⁸ Commission Delegated Regulation (EU) of 3 July 2026 amending Delegated Regulation (EU) 2023/2772, Annex I, ESRS 1, AR25 (for paragraphs 29 and 30), available at http://ec.europa.eu/finance/docs/level-2-measures/csrd-delegated-act-2026-5010_en.pdf. ESRS E1, AR 25 (for paragraphs 29 and 30) (“Emissions disaggregation”) makes gas-level breakdown expressly illustrative rather than required: “For example, it can disaggregate its GHG emissions by country or geography, operating segments, economic activity, subsidiary, GHG (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆, NF₃ and other GHGs considered by the undertaking) or source type (stationary combustion, mobile combustion, process emissions and fugitive emissions).”

entities will be hard-pressed to comfortably conclude that any information could be excluded under this standard.

The ISSB's materiality standard fundamentally differs from CARB's proposed data exclusion standard. In contrast to CARB's approach, IFRS S1 provides that materiality is assessed with reference to the "common information needs of primary users" of general purpose financial reports who have "reasonable knowledge of business and economic activities" and is tied to specific types of decisions (buying, selling, or holding equity and debt instruments; providing or settling loans and other forms of credit; and exercising rights to vote on, or otherwise influence, management's actions that affect the use of the entity's economic resources). IFRS S1 states that "[m]ateriality of information is judged in relation to whether omitting, misstating or obscuring that information could reasonably be expected to influence decisions of primary users of general purpose financial reports, which provide information about a specific reporting entity."

Similarly, the ESRS 1 materiality standard differs from CARB's proposal in that it is more concrete and defined. In contrast to CARB's approach, the ESRS materiality framework identifies specific stakeholder groups to consider (i.e., primary users of general-purpose financial reporting (existing and potential investors, lenders and other creditors, including asset managers, credit institutions, and insurance undertakings), as well as other users, including the undertaking's business partners, trade unions and social partners, civil society and non-governmental organizations). The ESRS focuses on the needs of "groups of such users" rather than any individual, is addressed to users "with a reasonable knowledge of the general subject matters," and is linked to decisions relating to providing resources to the undertaking—a far narrower and more administrable standard than CARB's proposed "user understanding" test.

To promote interoperability with IFRS S2 and the ESRS, CARB should not impose a separate California-specific materiality or "user understanding" standard for data exclusions and should instead align its data exclusion requirements with the GHG Protocol, as discussed in Section II.A. above. Additionally, both the ESRS and IFRS S2 allow for data that cannot be obtained without undue cost or effort to be excluded from the disclosures in many circumstances. The lack of comparable flexibility in CARB's proposed approach impairs interoperability with those standards.³⁹

- *Basis for Exclusions.* IFRS S2 has no general requirement to disclose justification for the exclusion or quantifications of immaterial information. CARB's proposed requirement to explain and justify every data exclusion and estimate its emissions magnitude, if quantifiable, would therefore impose additional disclosure obligations that are not required under IFRS S2.

The ESRS similarly do not generally require companies to disclose the basis for concluding that specific information is immaterial,⁴⁰ a sharp contrast to CARB's proposed

³⁹ ESRS 1, paragraphs 90-91; ISSB IFRS S2 Climate-related Disclosures, Appendix B Application Guidance, paragraph B39, available at <https://www.ifrs.org/content/dam/ifrs/publications/pdf-standards-issb/english/2026/issued/part-a/issb-2026-a-ifrs-s2-climate-related-disclosures.pdf>.

⁴⁰ The ESRS do contain a very limited exception to the statement, requiring a statement regarding "the basis for concluding that climate change is not material, if the undertaking has reached this conclusion and therefore omits all" disclosure related to climate change.

requirement that reporting entities explain and justify every data exclusion determination. CARB should not impose these additional California-specific requirements, which would depart from the GHG Protocol and further reduce interoperability with IFRS S2 and the ESRS.

By going beyond the requirements of the GHG Protocol and adopting an approach to materiality and data exclusion that is not aligned with existing reporting regimes, CARB's proposal would make it substantially more difficult for multinational companies to satisfy SB 253, IFRS S2, and ESRS reporting requirements using a single set of disclosures prepared under one consistent methodology. If CARB does not align its requirements with the GHG Protocol and address the gaps it is proposing to create, companies required to produce SB 253 disclosures in addition to ESRS E1 and/or IFRS S2 disclosures will be forced to conduct a California-specific process that deviates in many respects from their CSRD and/or IFRS S2 reporting processes and to produce separate reports. This would create duplication of effort and significant cost and resource burdens for reporting entities, while obscuring relevant information and creating confusion among users, all of which would be inconsistent with the stated goals and statutory language of SB 253. In addition, as noted above, any California-specific requirements ultimately established by CARB may require additional time and therefore a mechanism for reporting after the November 10 or other applicable reporting deadline.

C. Practical Interoperability Impacts

Many of the Society's members are multinational enterprises that are already subject to CSRD reporting requirements, are reporting under IFRS S2 frameworks being adopted in jurisdictions such as the United Kingdom, Australia, and Singapore, or are voluntarily reporting in alignment with the GHG Protocol. These companies have invested significantly in building GHG emissions reporting infrastructure, internal controls, and assurance processes designed to produce a single GHG inventory that satisfies the GHG Protocol and can be used across applicable international regulatory regimes.

CARB's own economic analysis states that its approach "likely overestimates real costs since many entities already engage in reporting and assurance of reports for other jurisdictions that are aligned with staff's proposals."⁴¹ This assumption of cost savings from interoperability, however, is valid only if CARB's requirements are in fact aligned with those other jurisdictions. Where CARB introduces requirements that those jurisdictions do not impose—such as mandatory disaggregation of Scope 2 emissions by constituent gas or confidence intervals—that assumption breaks down, and the cost savings that CARB's economic analysis assumes will not materialize. Companies may be required to develop secondary emissions inventory processes, undertake additional assurance procedures and engagements, and modify internal controls and procedures to accommodate California-specific requirements.

CARB's proposal would also require companies to report data, such as disaggregated Scope 2 emissions, that will be difficult to obtain, particularly for market-based Scope 2 accounting and for operations outside the United States, as the ecosystem for obtaining that data (which generally needs to come from third-party energy suppliers) is not well developed or uniform, given that it is not mandated by other jurisdictions or widely reported on a voluntary basis.

CARB's economic analysis therefore does not appear to account for the incremental costs associated with the California-specific requirements contemplated by its proposal.

⁴¹ July Workshop Slides at 39.

It also does not take into account that, if adopted, California's approach to interoperability is likely to influence the development of GHG emissions reporting requirements in other jurisdictions. If California adopts its own unique reporting standard, as would be the case under the approach discussed at the July Workshop, other states could adopt different requirements, creating a fragmented patchwork of disclosure regimes that would substantially increase compliance costs and create confusion among stakeholders as companies report different emissions information across jurisdictions.

By contrast, if CARB's precedent is one of alignment with the GHG Protocol and interoperability with global regimes, it will support and promote a harmonized and workable domestic and international framework. As discussed in the Society's letter to CARB dated May 26, 2026, in response to its March 23, 2026 public workshop, alignment with the GHG Protocol would permit CARB to adopt a substituted-compliance pathway by explicitly providing that a reporting entity may satisfy its obligations under SB 253 by submitting a report that is prepared in conformance with the GHG Protocol and otherwise meets the statutory requirements of SB 253. Maintaining consistency with the GHG Protocol, promoting interoperability with other mandatory disclosure regimes, and providing regulatory certainty will help facilitate high-quality, decision-useful disclosures without imposing unnecessary burdens on reporting entities in 2027 and beyond.

III. Assurance

Assurance can be a time-consuming and costly component of the reporting process and can be particularly sensitive to ambiguity regarding the scope of the engagement. For example, in the initial roll-out of CSRD, complex questions were presented by differing national assurance frameworks that made it unclear whether assurance would be portable across the EU bloc.

The Society appreciates CARB's attention to a broad set of high-quality assurance standards to support interoperability of assurance with other reporting regimes, which supports SB 253's requirement that CARB ensure that the assurance process minimizes the need for reporting entities to engage multiple assurance providers and ensures sufficient assurance provider capacity. HSC § 38532(c)(2)(F)(v).

Further to these objectives, we want to share a number of recommendations regarding (A) the scope of assurance, (B) interactions with California-specific requirements not required by the GHG Protocol, (C) flexibility regarding the format of the assurance report, and (D) assurance provider rotation.

A. Scope of the Assured Information

Recommendation: CARB's regulation should provide that the required assurance engagement covers *only* the reporting entity's Scope 1 and Scope 2 GHG emissions as quantified and reported in conformance with the GHG Protocol, together with any basis-of-preparation information that the applicable assurance standard treats as part of the assured subject matter. California-specific supporting disclosures or other information that does not form part of that subject matter (discussed further in Section II of this letter above) should remain outside the assurance provider's conclusion, although the provider would retain any responsibilities for such information imposed by the applicable assurance standard.

1. CARB's staff concept leaves the engagement's boundary undefined, and that boundary is a significant driver of assurance cost and feasibility. The draft regulatory

language would require “a limited assurance engagement of [the entity’s] disclosed Scope 1 and Scope 2 GHG emissions, including biogenic CO₂ emissions,” and would require the assurance report to identify “the Scope 1 and Scope 2 emissions covered by the engagement.”⁴² At the same time, the proposed general reporting requirements would mandate an array of disclosures accompanying those emissions—among other things, quantification methodologies and emission-factor attributes; measurement uncertainty, including confidence intervals; missing-data protocols and substitution procedures; data exclusions with quantified estimates; notifications of methodology changes; recalculated prior-year data; Scope 2 reporting by source type and by gas, and supplemental information.⁴³ The staff concept draft does not state whether these accompanying disclosures fall inside or outside the assurance engagement. In our members’ experience, that boundary — whether the engagement covers the quantified emissions information or extends to accompanying qualitative and narrative disclosures—is a significant determinant of engagement scope, duration, and fees, in a market in which quotes for facially comparable engagements already vary widely across providers. Resolving the required scope of assurance expressly in the regulatory text, rather than leaving it to negotiation between each reporting entity and its provider, would serve preparers, providers, and users alike. A reporting entity would remain free to seek a broader scope of assurance if it desires. As discussed in Section II, several of these proposed requirements go beyond information that the GHG Protocol requires reporting entities to disclose, making clarity regarding their treatment for assurance purposes particularly important.

2. The standards CARB proposes to accept permit the assurance engagement to be defined by reference to specified subject matter. The accepted standards generally permit definitions of the assured subject matter by the terms of the engagement, not by the four corners of the document in which the information appears. ISAE 3410 defines the “GHG statement” as the engagement’s subject matter information and provides that “[w]here the engagement does not cover the entire GHG statement, the term ‘GHG statement’ is to be read as that portion that is covered by the engagement.”⁴⁴ ISSA 5000 — the standard CARB’s draft designates for engagements commencing on or after December 15, 2026 — is explicit that “[t]he scope of the assurance engagement may extend to all of the sustainability information to be reported by the entity or only part of that information,” observing that in some jurisdictions “law or regulation may require that only climate-related disclosures in an entity’s sustainability information be subject to assurance.”⁴⁵

For information outside an ISSA 5000 assurance engagement, the standard provides an “other information” (information not subject to the assurance engagement but included in the same

⁴² July Workshop Slides at 32, 34. The draft language is presented as staff regulatory concepts (“Clarity for California Regulatory Context”); section references appear as “960XX” placeholders.

⁴³ July Workshop Slides at 11–26 (Quantification Methodologies; Measurement Uncertainty; Missing Data Protocols and Substitution Procedure; Data Exclusions; Notifying CARB of Changes to Methodologies; Recalculation of Previous Year Data; Scope 2 source-type, gas-by-gas, and dual-method reporting; Supplemental Information).

⁴⁴ ISAE 3410, Assurance Engagements on Greenhouse Gas Statements, ¶ 8(m) (defining “GHG statement” and providing that it “is the ‘subject matter information’ of the engagement”).

⁴⁵ ISSA 5000, General Requirements for Sustainability Assurance Engagements (IAASB, Nov. 2024), Introduction ¶ 5.

document) framework, which the practitioner must obtain, read, and consider for material inconsistency with the assured information and with the practitioner’s knowledge, and as to which the assurance report states “that the practitioner’s conclusion does not cover the other information and, accordingly, that the practitioner does not provide a conclusion thereon.”⁴⁶ This is the same two-tier architecture that has governed financial reporting for decades: under the “other information” standards, the auditor reads the information accompanying audited financial statements for material inconsistency, but the opinion does not cover it.⁴⁷ The design we recommend — a conclusion on the Scope 1 and Scope 2 emissions information, and a consistency read, without a conclusion, on any accompanying California-specific disclosures — is therefore not a carve-out from the accepted standards; it is consistent with the architecture contemplated by those standards.

3. The two-tier model does not leave the accompanying disclosures unexamined.

The assurance provider engages with the accompanying information. To conclude on the emissions figures, the provider must understand and test the entity’s quantification methodologies, data flows, and related controls; exclusion decisions and substitution procedures are evaluated as part of assessing whether the reported emissions are prepared, in all material respects, in accordance with the applicable criteria. And under the other-information requirements, the provider must read the accompanying disclosures and respond if they appear materially inconsistent with the assured emissions information. What the two-tier model avoids is converting each accompanying disclosure into separately assured subject matter — each with its own criteria-suitability analysis, evidence file, and materiality determination. Expanding the assured subject matter to encompass each accompanying disclosure could duplicate work the provider already performs in evaluating the emissions information and related processes, extend engagement timelines that must fit within the reporting calendar addressed in Section I, and further strain assurance-provider capacity, an issue explicitly addressed in the text of SB 253. For certain qualitative disclosures, it could also require assurance where sufficiently established or consistently applied assurance criteria may not yet exist, without a corresponding improvement in the reliability of the core emissions information.

4. The statute supports an emissions-only assurance engagement. Annually beginning in 2026, the statute requires disclosure of “all of the reporting entity’s scope 1 emissions and scope 2 emissions for the reporting entity’s prior fiscal year.”⁴⁸ The statutory structure strongly supports treating the emissions themselves as the core assured subject matter. Section 38532(c)(2)(F)(i) requires an assurance engagement “of their public disclosure” and describes the deliverable as the provider’s “report on the greenhouse gas emissions inventory” — the emissions inventory, not the full complement of accompanying regulatory

⁴⁶ ISSA 5000, Definitions (“Other information”: “[i]nformation not subject to the assurance engagement included in a document or documents containing the sustainability information subject to the assurance engagement and the assurance report thereon”); ¶¶ 171–176 (requirements to obtain, read, and consider the other information and respond to apparent material inconsistencies); ¶ 202(c).

⁴⁷ See ISA 720 (Revised), The Auditor’s Responsibilities Relating to Other Information, ¶¶ 14–15, 22(c); AICPA AU-C § 720.16, .24c; PCAOB AS 2710.04. The AICPA attestation standards likewise tie the practitioner’s conclusion to the defined subject matter of the engagement. See AT-C §§ 105.10, 210.15, .63c–d.

⁴⁸ HSC § 38532(c)(2)(A)(i)(I). Statutory quotations reflect the section as amended through AB 154 (Stats. 2025), cross-checked against two mirrors.

content.⁴⁹ Clause (F)(ii) then sets the assurance level for “[t]he assurance engagement for scope 1 emissions and scope 2 emissions,” and clause (F)(iii) separately and later phases assurance “for third-party assurance engagements of scope 3 emissions.”⁵⁰ The defined terms are quantities of emissions, and subdivision (c)(6) confirms that the section “does not require additional reporting of emissions of greenhouse gases beyond” GHG Protocol Scope 1, 2, and 3 reporting.⁵¹

Finally, the Legislature directed that reporting be structured “in a way that minimizes duplication of effort” and accommodates reports “prepared to meet other national and international reporting requirements,” and that CARB “ensure[] that the assurance process minimizes the need for reporting entities to engage multiple assurance providers and ensures sufficient assurance provider capacity.”⁵² An assurance perimeter extending to California-specific disclosures that are not required under the GHG Protocol would be inconsistent with these statutory directives to the extent it prevents reporting entities from relying on assurance obtained for other reporting frameworks and requires additional California-specific assurance. CARB should ensure that the assurance requirement does not convert California-specific reporting overlays into additional assured subject matter, given that the statute requires conformance with the GHG Protocol and expressly directs CARB to minimize duplication, multiple assurance providers, and provider-capacity constraints.

5. Federal precedent also supports limiting required attestation to the emissions disclosures. The SEC’s climate disclosure rule, as adopted, required the attestation report to cover the registrant’s Scope 1 and Scope 2 emissions disclosures; the accompanying climate-related disclosures — governance, strategy, targets and goals, and the financial-statement footnote metrics — were not within the required attestation.⁵³ Although the SEC rule is stayed and is proposed to be rescinded, the adopted framework remains a relevant U.S. regulatory comparator reflecting the Commission’s judgment, following an extensive comment process, that required attestation could appropriately be limited to the emissions disclosures rather than the broader set of climate-related disclosures.

6. Two boundary items warrant express treatment. First, GHG Protocol basis-of-preparation information: under the accepted standards, the subject-matter information conventionally includes the notes necessary to understand how the assured emissions were quantified; ISAE 3410’s definition of the GHG statement, for example, includes “explanatory

⁴⁹ HSC § 38532(c)(2)(F)(i) (engagement “of their public disclosure”; “complete assurance provider’s report on the greenhouse gas emissions inventory”).

⁵⁰ HSC § 38532(c)(2)(F)(ii)–(iii).

⁵¹ HSC § 38532(b)(3)–(4), (c)(6).

⁵² HSC § 38532(c)(2)(D)(i), (F)(v).

⁵³ The Enhancement and Standardization of Climate-Related Disclosures for Investors, Release Nos. 33-11275; 34-99678 (Mar. 6, 2024) (adopting 17 C.F.R. §§ 229.1505–.1506); implementation stayed Apr. 4, 2024, and the Commission voted to end its defense of the rules on Mar. 27, 2025. On May 29, 2026, the Commission proposed to rescind the rules in their entirety. Rescission of Climate-Related Disclosure Rules, Release No. 33-11421, 91 Fed. Reg. 33,297 (proposed June 3, 2026).

notes including a summary of significant quantification and reporting policies.”⁵⁴ Our recommendation does not disturb that convention. The assured information should be the Scope 1 and Scope 2 emissions as prepared under the GHG Protocol, together with whatever basis-of-preparation information the applicable assurance standard treats as part of that subject matter. In this, the regulation should defer to the chosen assurance standards in order to preserve interoperability. Second, the same convention resolves Scope 2 dual-method reporting: the Scope 2 Guidance requires in-scope companies to report both a location-based and a market-based figure, so the dual-method totals form part of the emissions information prepared under the GHG Protocol and — consistent with prevailing practice where both figures are disclosed — sit within the assured information.⁵⁵

By contrast, information identified in Section II above as California-specific requirements that go beyond the information required to report Scope 1 and Scope 2 emissions in conformance with the GHG Protocol should remain outside the assurance conclusion unless the applicable assurance standard independently treats that information as part of the assured subject matter. Examples that fall outside this scope of assurance include CARB’s proposed Scope 2 breakdowns by source type and, to the extent beyond the Corporate Standard’s six-gas reporting requirements, by individual greenhouse gas, underlying energy-data requirements, and CARB-specific prior-year recalculation requirements. CARB’s proposed biogenic CO₂ requirements likewise should remain outside the assurance conclusion because, as discussed in Section II above, separately reported biogenic CO₂ lies outside the scope of SB 253.⁵⁶ CARB should not include such additional information within the required assurance engagement absent a demonstrated basis in SB 253 and the GHG Protocol. If CARB nevertheless concludes that a particular item falls within the statutory assurance requirement, the regulation should identify that item expressly and explain the statutory and GHG Protocol basis for doing so, including the applicable assurance level and reporting period.

7. Proposed regulatory text. Subject to conforming the specific examples below to the determinations expressed in Section II above, we recommend that the assurance provision state the engagement’s boundary along the following lines:

The limited assurance engagement required by section 960XX shall cover the reporting entity’s Scope 1 emissions and Scope 2 emissions reported pursuant to section 960XX, as quantified and reported in conformance with the standards and guidance specified in section 960XX. Other information required or permitted by this article that is outside the

⁵⁴ ISAE 3410 ¶ 8(m); see supra note 44.

⁵⁵ World Res. Inst., *GHG Protocol Scope 2 Guidance: An Amendment to the GHG Protocol Corporate Standard* § 1.5.1, at 8 (2015) (“Companies with any operations in markets providing product or supplier-specific data in the form of contractual instruments shall report scope 2 emissions in two ways and label each result according to the method: one based on the location-based method, and one based on the market-based method. This is also termed ‘dual reporting.’”).

⁵⁶ July Workshop Slides at 16 (biogenic CO₂ “shall be reported separately from Scope 1, Scope 2, and Scope 3 emissions totals” and “subject to assurance requirements”), 22 (recalculation), 32 (assured scope “including biogenic CO₂ emissions”).

required Scope 1 and Scope 2 assurance perimeter described in this section is not required to be subject to the assurance engagement unless the applicable assurance standard independently treats that information as part of the assured subject matter.

The final sentence preserves whatever responsibilities the applicable assurance standard imposes with respect to information outside the assurance conclusion. Under standards such as ISSA 5000, that includes reading relevant accompanying information for material inconsistency with the assured information. Users receive meaningful discipline over the entire report — without the cost of expanding the assured subject matter.

If CARB nevertheless proposes to include particular California-specific information within the required assurance engagement, it should first identify the statutory and GHG Protocol basis for treating that information as required assured subject matter. CARB also should confirm that suitable assurance criteria exist, assess the resulting cost, timing, provider-capacity, and interoperability implications, and provide sufficient transition time before any expanded assurance requirement takes effect.

B. Interaction between assurance and California-specific requirements

Recommendation: Applying the assurance boundary described in Section III.A above, CARB should not create separate assurance obligations for California-specific recalculations, uncertainty analyses, missing-data disclosures, or other supporting information that the GHG Protocol does not require reporting entities to disclose as part of their Scope 1 and Scope 2 emissions reporting. Any information included within the required assurance engagement should have a clear basis in SB 253, the GHG Protocol requirements incorporated by the statute, and the applicable assurance standard.

1. Recalculation of a prior-year figure should not automatically reopen or extend a completed assurance engagement, or require a new engagement:

CARB has proposed specific recalculation requirements that go beyond the GHG Protocol in important respects, including a fixed five-percent threshold and mandatory recalculation of all affected prior reporting years. As discussed in Section II, the GHG Protocol instead requires each company to develop its own base-year recalculation policy and assigns responsibility to the company for establishing the significance threshold that triggers recalculation, while the verifier's role is "to confirm the company's adherence to its threshold policy."⁵⁷ In addition to limiting which disclosures must be assured — as we discussed in Section A — CARB should not require an entity to reopen or extend a completed assurance engagement, or to obtain a new assurance engagement covering prior periods, solely because a prior-year figure is recalculated, unless renewed assurance is required under the applicable assurance standard or is otherwise necessary in light of materiality.

⁵⁷ World Res. Inst. & World Bus. Council for Sustainable Dev., *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*, 35 ("Companies shall develop a base year emissions recalculation policy"; "It is the responsibility of the company to determine the 'significance threshold' that triggers base year emissions recalculation and to disclose it. It is the responsibility of the verifier to confirm the company's adherence to its threshold policy.").

Where the applicable assurance standard does not require renewed assurance, the company should be permitted to identify and explain the recalculation in the current filing, with the assurance provider addressing it only to the extent contemplated by the current-year engagement. This approach is consistent with the GHG Protocol Corporate Standard, which provides that “[t]he scope of an independent verification and the level of assurance it provides will be influenced by the company’s goals and/or any specific jurisdictional requirements,” and that the company and verifier “should reach an agreement upfront on the scope, level and objective of the verification.”⁵⁸ ISSA 5000 likewise contemplates that comparative information may fall outside the current assurance conclusion and may have been subject to a different assurance level or engagement scope in a prior period, addressing that difference through disclosure rather than through re-performance of the entire assurance.⁵⁹

A requirement to re-assure prior periods could create disproportionately burdensome cost and timing consequences, particularly if the original provider is no longer available or independent. The burden would also compound over time because CARB’s proposal treats the first reporting year as the base year and requires recalculation of all affected prior years whenever the cumulative five percent trigger is met. Each successive reporting cycle enlarges the set of historical figures potentially subject to recalculation—and, on an expansive reading, to renewed assurance.⁶⁰ The GHG Protocol recognizes that encouraging companies to “[report] the original figures in addition to the recalculated figures contributes to transparency since it illustrates the evolution of the company’s structure over time.”⁶¹ In our members’ experience, where prior-year metrics are discussed in GHG assurance reports, it is usually in the context of the entity’s recalculation policy and whether any methodological changes in the current fiscal year affected the baseline or intervening years, without expressly covering the updated metrics.

2. Uncertainty analyses, missing-data disclosures, and other supporting information should remain outside the scope of the assurance engagement.

Assurance of uncertainty analyses, missing-data disclosures, methodologies, and other narrative material would require work beyond testing the core numerical emissions totals. Qualitative information requires judgment and may not be subject to uniform criteria, which increases the risk of inconsistent provider approaches. These materials should be treated as supporting information outside the assurance opinion unless they properly form part of the assured subject matter under SB 253 and the applicable assurance standard.

As discussed in Section II, several of these proposed disclosures are not required by the GHG Protocol and fall outside the emissions reporting that CARB is authorized to require under SB

⁵⁸ World Res. Inst. & World Bus. Council for Sustainable Dev., *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*, 70.

⁵⁹ Int’l Auditing & Assurance Standards Bd., *International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements* ¶ 208(b); ¶ 209 (2024) (requiring the practitioner to evaluate whether changes to the criteria used for comparative information “have been properly applied and adequately disclosed”).

⁶⁰ July Workshop Slides at 22 (recalculation of previous year data; first reporting year treated as the base year, with recalculation of all affected prior years upon a cumulative change greater than five percent); see *supra* note 42.

⁶¹ World Res. Inst. & World Bus. Council for Sustainable Dev., *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard*, 38.

253.⁶² If CARB nevertheless requires such disclosures, they should not become separately assured subject matter merely by virtue of their inclusion in the California report.

3. An expanded perimeter would raise cost, pressure timing, and undermine the Legislature's interoperability directive.

The cost and internal burden of assurance are principal concerns for reporting entities, and additional assured data points will increase the work required. Preliminary results from the SB 253 Compliance Cost Survey, which received input from 30 predominantly mid- to large-cap public companies as of May 20, 2026, illustrate both the magnitude and the variability of anticipated assurance costs: 20% of respondents expect costs below \$50,000, 20% expect \$50,000 to \$99,000, 28% expect \$100,000 to \$250,000, and 16% expect costs exceeding \$250,000.⁶³ The wide range of anticipated costs reported by members also underscores the importance of clearly defining the required assurance perimeter. Clarifying the assurance perimeter in the regulatory text would promote more consistent pricing and prevent unintended scope creep. An expanded scope would increase costs, create capacity constraints, and add to the difficulty of completing assurance within CARB's timetable.

CARB should permit reporting entities to rely on assurance obtained for global reporting wherever that assurance covers the required Scope 1 and Scope 2 emissions information under a standard accepted by CARB. Requiring a separate California assurance exercise over additional information not required under the GHG Protocol would be directly at odds with the Legislature's direction that CARB minimize the need for multiple assurance providers. HSC § 38532(c)(2)(F)(v).

C. Content of the assurance report

CARB should permit submission of an assurance report prepared under an accepted assurance standard without requiring providers to revise standard-form reports solely to include California-prescribed contact information, administrative details, or disclosures not required by the applicable assurance standard. Any additional California-specific administrative information should be capable, where feasible, of being supplied through a standardized cover sheet or reconciliation that does not alter the scope or conclusion of the assurance opinion.

1. The proposed report elements should not require modification of existing assurance reports.

⁶² Among other things, as discussed further in Section II above, the statutory text provides: "This section does not require additional reporting of emissions of greenhouse gases beyond the reporting of scope 1 emissions, scope 2 emissions, and scope 3 emissions required pursuant to the Greenhouse Gas Protocol standards and guidance or an alternative standard, if one is adopted after 2033."

⁶³ Letter from Society for Corporate Governance to Lauren Sanchez, Chair, Cal. Air Res. Bd., re: Comment Letter in Response to SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program 15 (May 26, 2026) ("May 2026 Comment Letter"), available at https://higherlogicdownload.s3.amazonaws.com/GOVERNANCEPROFESSIONALS/5d47927b-105a-4bc7-9aef-821536f3505b/UploadedImages/Society_March_2026_CARB_Workshop_Comment_Letter__052626_.pdf.

An assurance report prepared under a standard accepted by CARB should generally be accepted without California-specific modification where it otherwise satisfies the substantive requirements of SB 253. Standard-form reports promote consistency and reflect the terminology and requirements of the assurance standard under which the engagement was performed. Bespoke California language would require additional review by the assurance provider and create uncertainty about whether the provider is assuming obligations beyond the underlying engagement. California-specific modifications to the assurance report would interfere with jurisdictional interoperability and increase cost and timelines without improving the reliability of the assured information.

2. Recalculated prior-year amounts should not automatically require amendment or reissuance of the assurance report.

As discussed in Section B.1 above, CARB should not require an entity to reopen or extend a completed assurance engagement solely because a prior-year figure is recalculated, unless renewed assurance is required under the applicable assurance standard or is otherwise necessary in light of materiality. Instead, CARB should permit the recalculation to be described in the reporting entity's cover sheet or reconciliation rather than requiring amendment or reissuance of the assurance report.⁶⁴

3. Assurance of separately reported biogenic CO₂ and CARB-specific Scope 2 disaggregation should not expand the required assurance perimeter.

As discussed in Section II of this letter, the GHG Protocol requires biogenic CO₂ to be reported separately from Scope 1, Scope 2, and Scope 3 emissions totals. SB 253, in turn, frames its reporting and assurance requirements exclusively in terms of Scope 1, Scope 2, and Scope 3 emissions. CARB therefore should not require assurance engagements or reports to cover separately reported biogenic CO₂ or other California-specific biogenic-emissions information.

Similarly, for Scope 2 disaggregated information, the threshold question is whether the disaggregated information must be assured, not merely whether it must be disclosed. Where Scope 2 source-type or gas-by-gas breakdowns fall outside the required assurance perimeter described in Section A, and the applicable assurance standard does not independently treat them as part of the assured subject matter, CARB should not require amendment of an otherwise acceptable assurance report solely because the California filing includes them; the information can be identified as accompanying information not covered by the assurance conclusion, including through the standardized cover sheet described above.

D. Assurance Provider Rotation

Recommendation: CARB should not require reporting entities to rotate third-party assurance providers.

⁶⁴ Int'l Auditing & Assurance Standards Bd., *International Standard on Sustainability Assurance 5000, General Requirements for Sustainability Assurance Engagements* ¶¶ 207–211 (Nov. 2024); accord Auditing & Assurance Standards Bd., *ASSA 5000, General Requirements for Sustainability Assurance Engagements* ¶¶ 207–211 (Jul. 2025) (conforming Australian standard).

At the July 2026 workshop, CARB staff indicated that they were considering whether GHG emissions assurance providers should be subject to rotation requirements. The Society recommends that CARB not impose firm-level or individual assurance provider rotation requirements. Companies do not generally rotate their GHG emissions assurance providers, and doing so would create substantial cost,⁶⁵ timing, and operational burdens. A reporting entity would need to identify a qualified and independent replacement provider, negotiate a new engagement, and familiarize that provider with the company's data, systems, controls, methodologies, and reporting processes. Mandatory rotation also would eliminate efficiencies that develop as a provider gains experience with the reporting entity and could interfere with a company's ability to use the same provider across multiple reporting regimes.

Mandatory provider rotation also could reduce available assurance-provider capacity, contrary to SB 253's express direction that CARB ensure sufficient provider capacity. Independence and conflict rules may further constrain the pool of available providers, particularly for companies that use large accounting firms for other services. Rotation requirements also could complicate efforts to use a single provider across multiple jurisdictions where assurance-provider credentialing and independence requirements differ. It could also undermine the institutional knowledge and efficiencies that may develop through continuity in the assurance relationship, including synergies between a reporting entity's financial statement auditor and its GHG emissions assurance provider.

If CARB nevertheless concludes that some form of rotation is necessary, it should consider a partner-level rather than firm-level rotation requirement, analogous to the SEC's lead audit partner rotation framework under Item 2-01(c)(6) of Regulation S-X.⁶⁶ Under that framework, lead audit partners generally may not serve for more than five consecutive years. A comparable partner-level approach would address concerns regarding prolonged individual-provider tenure while avoiding many of the cost, capacity, independence, and loss-of-institutional-knowledge concerns associated with mandatory firm rotation.

IV. Implementation

At the July Workshop, CARB staff indicated that the proposed regulatory concepts presented for the subsequent SB 253 rulemaking were intended to "provide flexibility for reporting to streamline implementation." As we have expressed throughout this comment letter, the proposals in many cases fail to achieve CARB's stated goals of minimizing duplication of effort, reducing reporting burdens, and streamlining implementation. Notably, CARB's proposed rulemaking concepts are silent on key implementation issues that will affect many reporting entities and companies that come within scope in future reporting years. Among other practical issues, CARB should address transition provisions for newly covered entities, implementation of Scope 3 emissions reporting, treatment of insurance companies, and other operational matters necessary to provide reporting entities with a workable and predictable compliance framework.

⁶⁵ In the Society's comment letter dated March 21, 2025 to CARB, the Society Survey reflected that the current costs for surveyed Society members that obtain GHG emission assurance range from \$15,000 to \$300,000.

⁶⁶ Item 2-01(c)(6) of Regulation S-X, 17 C.F.R. § 210.2-01(c)(6)(i)(A)(1), states: "[a]n accountant is not independent of an audit client when:

(A) Any audit partner...performs: (1) The services of a lead partner...or Engagement Quality Reviewer...for more than five consecutive years."

A. Newly Covered Entities

CARB should provide a clear transition provision for reporting entities that cross the SB 253 scoping thresholds and become newly subject to reporting obligations, recognizing that establishing the systems, governance structures, internal controls, data processes, and assurance readiness necessary for reliable GHG emissions reporting requires meaningful lead time.

While many Society members will be subject to SB 253 reporting requirements in the initial reporting year, other Society members do not yet meet the scoping thresholds. If such thresholds are met in future reporting years, these companies, to the extent they are not already voluntarily reporting the information required under SB 253 and CARB's implementing regulations, will need to expend significant time, money, and resources to prepare for compliance with their disclosure obligations. For a newly covered entity, the ordinary reporting framework may not provide sufficient lead time if the entity cannot reasonably determine that it is subject to SB 253 until a substantial portion of the otherwise applicable preparation period has elapsed. A company that has not already been collecting and preparing the relevant emissions information may need to establish data-collection processes, internal controls, governance procedures, assurance arrangements, and disclosure processes only after its reporting obligation can reasonably be determined. These challenges may be particularly significant for privately held companies and other entities that do not otherwise produce comparable public GHG emissions disclosures.

In recognition of the challenges associated with coming into compliance with a GHG emissions reporting obligation for the first time, especially one subject to a third-party assurance mandate, CARB should provide a transition rule that gives a newly covered entity a reasonable implementation period after its reporting obligation can reasonably be determined. This could be accomplished by delaying the entity's first required report until the next annual reporting cycle or through another defined transition period that provides sufficient time for data collection, governance, internal controls, assurance readiness, and reporting. CARB also should provide appropriate first-year enforcement relief for entities making reasonable, good-faith efforts to comply.

In addition to accounting for transition periods for companies that come into scope of SB 253, CARB should also clarify how the two-year revenue lookback in repropoed Section 96072(a)(11) operates for entities moving into or out of SB 253 reporting status and establish clear and predictable on- and off-ramps for entities whose revenues or California business status fluctuate over time. In particular, the regulations should clearly specify when an entity first becomes subject to the reporting obligation and when an entity ceases to be subject to that obligation.

Providing for regulatory certainty and adequate transition time for newly covered entities will help companies manage compliance costs and improve the completeness, reliability, and usefulness of reported information.

B. Scope 3 Reporting Implementation

The Society supports CARB's proposal to limit Scope 3 emissions reporting, beginning in 2027, to five of the 15 Scope 3 categories, consisting of Category 1 (Purchased Goods and Services); Category 3 (Fuel and Energy Related Activities); Category 5 (Waste Generated During Operations); Category 6 (Business Travel); and Category 7 (Employee Commuting). As

discussed in the Society's previous comment letter submitted on May 26, 2026 (the "May 2026 Comment Letter"), of the alternatives CARB has presented, an approach initially focused on the five most commonly reported Scope 3 categories presents the most viable pathway toward credible Scope 3 disclosure because it prioritizes categories that are widely reported and for which data sources and quantification methodologies are generally more developed. As we also emphasized in the May 2026 Comment Letter, however, reporting entities should retain the ability to determine which Scope 3 categories and activities are relevant based on their specific circumstances and the availability and reliability of data, consistent with the GHG Protocol. The five-category approach should not operate merely as a phase-in toward mandatory reporting of all 15 categories. As discussed in Section II above, this flexibility would be comparable to the relief available to companies under other GHG emissions disclosure regimes, including the CSRD and IFRS S2.

Additionally, as set forth in the May 2026 comment letter, the Society has concerns about expanding Scope 3 disclosure beyond the five categories. Phasing in additional categories over time risks moving away from a relevancy- and risk-based approach and introduces concerns about feasibility and the disproportionate cost of reporting relative to its benefits. Any such expansion should be carefully considered as part of a full notice-and-comment rulemaking process.

Given the well-known and documented challenges associated with Scope 3 GHG emissions (as compared to Scope 1 and 2 GHG emissions),⁶⁷ the Society proposes that CARB incorporate appropriate implementation protections and flexibility, particularly during the initial reporting years:

- **Safe harbor for Scope 3 emissions.** As discussed in prior comment letters, companies rely heavily on data from third parties such as suppliers, employees, customers, and other value chain partners who are outside of the operational control of the company to calculate Scope 3 emissions. The statute makes clear that reporting entities may not be subject to administrative penalty "for any misstatements with regard to scope 3 emissions disclosures made with reasonable basis and disclosed in good faith"⁶⁸ and that "penalties assessed on scope 3 reporting, between 2027 and 2030, shall only occur for nonfiling."⁶⁹ The regulations should faithfully implement this statutory protection and clarify that a Scope 3 disclosure has a "reasonable basis" and is made in "good faith" where a reporting entity reasonably relies on third-party data, reasonable estimates, proxies, secondary data, or other methodologies permitted under the GHG Protocol, notwithstanding subsequent changes in or corrections to the underlying information. This protection is particularly important because Scope 3 calculations frequently depend on information provided by suppliers, customers, employees, portfolio companies, and other third parties outside the reporting entity's control. CARB's regulations should also clearly reflect the separate statutory limitation that penalties for Scope 3 reporting between 2027 and 2030 may be imposed only for nonfiling.
- **First year Scope 3 emissions implementation flexibility.** Society member data included in our May 2026 comment letter showed that 53% of respondents voluntarily

⁶⁷ See, e.g., The Enhancement and Standardization of Climate-Related Disclosures for Investors, Securities Act Release No. 33-11275, Exchange Act Release No. 34-99678 (Mar. 6, 2024).

⁶⁸ See HSC § 38532(f)(2)(B).

⁶⁹ See HSC § 38532(f)(2)(C).

reported some (i.e., select) Scope 3 emissions, while only 23% voluntarily reported full Scope 3 emissions, and only one respondent reported all 15 Scope 3 categories. Accordingly, many companies will be calculating one or more of the Scope 3 categories contemplated by CARB's proposal for the first time. These entities will need time to determine relevant Scope 3 categories and activities, select appropriate calculation and estimation methodologies based on data availability, and collect information from suppliers, employees, customers, and other value chain participants. Consistent with the Society's prior recommendation that CARB avoid separate reporting deadlines for Scope 1, Scope 2, and Scope 3, CARB should apply the reasonable and readily available timing flexibility recommended in Section I above where a reporting entity reasonably requires additional time to complete its initial Scope 3 reporting process.

C. Treatment of Insurance Companies

At the July Workshop, CARB staff indicated that the insurance company exemption included in the initial regulation would be revisited and proposed that, beginning in 2027, insurance entities could use reporting prepared for CDI to satisfy SB 253 to the extent that reporting satisfies SB 253 requirements, supplemented as necessary for any additional information required under SB 253.⁷⁰

The Society supports an approach that minimizes duplicative reporting for insurance companies while ensuring that entities subject to SB 253 satisfy the requirements of that statute. Accordingly, CARB should establish a clear substituted-compliance mechanism that permits insurance companies to rely to the maximum extent practicable on emissions information already reported to CDI and to provide only the incremental information necessary to satisfy SB 253 and the GHG Protocol.

This approach would place insurance companies on the same substantive footing as other reporting entities while recognizing the existing CDI reporting regime and SB 253's express direction that CARB structure emissions reporting to minimize duplication of effort. CARB should not require an insurer to recalculate, reformat, or re-report information already included in a CDI filing where that information satisfies the corresponding SB 253 requirement.

CARB should also clearly address insurance holding-company groups that include both insurance and non-insurance entities. Where a CDI report prepared on a consolidated basis encompasses entities within the same organizational boundary as an SB 253 report, CARB should permit the reporting entity to use that report to satisfy overlapping SB 253 requirements and supplement it only to the extent necessary to provide information required by SB 253 that is not included in the CDI report. The regulations should clearly explain how this substituted-compliance approach applies to parent companies, insurance subsidiaries, non-insurance affiliates, and consolidated reporting groups.

CARB should also provide appropriate transition treatment for insurance companies becoming subject to SB 253 reporting for the first time in 2027. Because insurers were exempted from the initial 2026 reporting requirement, they may be required to implement Scope 1, Scope 2, Scope 3, and assurance processes within a single reporting cycle rather than benefiting from the Scope 1- and Scope 2-only first reporting year available to other sectors. CARB should account

⁷⁰ July Workshop Slides at 36.

for that implementation difference through reasonable first-year flexibility consistent with the transition principles discussed above.

D. Other Operational Issues

The Society recommends that CARB additionally address the following operational issues, many of which have been raised in prior comment letters submitted by the Society and remain unresolved. Further clarity and guidance on these matters will serve to increase regulatory certainty for potentially in-scope companies:

- **Impact of Subsequent CARB Regulations and Guidance on Work Already Undertaken.**

As discussed in prior Society comment letters, the Society is concerned that CARB's evolving and fragmented rulemaking and guidance process creates significant uncertainty for companies that must commit resources and begin compliance processes well in advance of the release of the final regulations. For emissions data due in 2027, which will include Scope 3 emissions data and mandatory assurance requirements for the first time, companies may need to start their data collection and compliance processes even before the regulations are formally adopted. Because companies must begin substantial implementation work and engage assurance providers well before the reporting deadline, they need sufficient clarity regarding, among other things, reporting format, disclosure requirements, acceptable calculation methodologies, information subject to assurance, acceptable assurance standards, and assurance provider rotation requirements.

Given these uncertainties, CARB should provide appropriate protection for good-faith compliance efforts undertaken in reasonable reliance on CARB regulations, guidance, workshop materials, or other implementation materials in effect when the work is performed. A reporting entity should not be penalized merely because CARB subsequently adopts requirements that differ materially from the information on which the entity reasonably relied when undertaking its compliance preparations.

While this has previously been addressed through enforcement notices, enforcement discretion alone is an inadequate substitute for clear regulatory provisions because it leaves reporting entities technically out of compliance notwithstanding reasonable, good-faith efforts to follow CARB's then-current implementation guidance.⁷¹ CARB should therefore codify appropriate reliance protection in its regulations so that reporting entities can undertake the systems, data-collection, governance, and assurance work necessary for compliance without facing enforcement consequences solely because CARB subsequently changes a material requirement on which the entity reasonably relied.

- **Use of Estimates, Substitutions, and True-Ups.** CARB should expressly recognize the use of reasonable estimates, substitutions, proxies, secondary data, and other methodologies permitted under the GHG Protocol where complete data are unavailable in time to meet applicable reporting and assurance timelines. CARB should also clarify the treatment of subsequently available information without imposing California-specific requirements that would require reporting entities to maintain a separate emissions-reporting process. In practice, gathering reliable, assurable, and decision-useful data is a complex undertaking that often requires obtaining, checking, and validating information from a large number of third-party stakeholders and data sources.

⁷¹ Furthermore, certain companies have internal policies that prohibit them from relying on informal agency guidance when that guidance is not codified in a statute or regulations.

According to survey responses from Society members, companies commonly require up to six months (with some companies requiring as much as 10 months) to gather certain emissions data and begin analysis and development of disclosures. For example, Scope 2 utility data is often not available until months after the end of the reporting year, particularly for companies with numerous facilities across different utility providers. Scope 3 value chain data is often unavailable on the reporting entity's timeline and may require the use of industry averages or spend-based estimates as proxies. Moreover, updated emissions factors (such as revised EPA eGrid data) may be published after a company has already begun its calculation and disclosure process, requiring either retroactive recalculation or explicit acceptance of prior emissions factors.

Even with an appropriate reporting period and deadline, reporting entities will likely need to rely on reasonable estimates, substitutions, proxies, secondary data, or other methodologies permitted under the GHG Protocol where complete actual data are not reasonably available within the reporting cycle. The Society therefore recommends that CARB expressly recognize the use of such methodologies consistent with the GHG Protocol rather than establishing separate California-specific requirements governing missing data or substitutions.

The use of reasonable estimates, substitutions, proxies, secondary data, or other methodologies permitted under the GHG Protocol should not itself constitute a reporting deficiency or basis for enforcement action where the reporting entity has complied with the applicable GHG Protocol requirements. CARB likewise should not impose separate assurance requirements with respect to estimates or substitutions beyond those applicable under the assurance standard governing the engagement.

CARB should also clarify that the subsequent availability of actual or more complete data does not, by itself, render a reasonable estimate or substitution used in a prior report erroneous or require an amended filing, recalculation, or additional assurance. Any treatment of subsequently available information should be consistent with the GHG Protocol's applicable recalculation principles and, where appropriate, may be reflected prospectively or in the next annual reporting cycle.

- **Amended Reports and Correction Procedures.** CARB's proposed concepts for the subsequent SB 253 rulemaking lack clear and administrable procedures for corrections and amendments to SB 253 disclosures. The absence of such procedures creates perverse incentives that work against the accuracy and reliability of reported data—the very objectives that SB 253 is intended to advance.

CARB should establish clear and administrable procedures that distinguish between corrections of errors in previously reported information and the subsequent availability of new or more complete information. As discussed above, the subsequent availability of actual or more complete data should not, by itself, render a reasonable estimate or substitution used in a prior report erroneous or require an amended filing. Where correction of a prior-period error is appropriate, CARB should generally permit the correction to be reflected in the reporting entity's next annual report rather than requiring a stand-alone amended filing, consistent with applicable GHG Protocol recalculation principles.⁷² This

⁷² Other mandatory reporting regimes, such as the ESRS, provide that prior period errors may be corrected in the next annual report. For example, ESRS 1 provides that reporting entities "shall correct material prior period errors by restating the comparative amounts for the prior

approach would reduce reporting burdens while ensuring that stakeholders are provided with updated data in a timely manner. A separate amended filing should be required only where necessary to address a material error that cannot reasonably await the next annual reporting cycle.

- **Treatment of Acquisitions, Dispositions, Mergers, and Other Structural Changes.** SB 253 expressly requires CARB to ensure that a reporting entity's disclosure "takes into account acquisitions, divestments, mergers, and other structural changes that can affect the greenhouse gas emissions reporting, and is disclosed in a manner consistent with the Greenhouse Gas Protocol standards and guidance." Accordingly, CARB should address structural changes by incorporating the treatment and flexibility provided by the GHG Protocol rather than establishing separate California-specific requirements.

CARB should provide clear transition provisions for companies that need to integrate data from newly acquired entities and sites into their GHG emissions reporting or remove data from newly disposed of entities and sites from their GHG emissions reporting. Consistent with the GHG Protocol's treatment of structural changes, these transition provisions should provide appropriate flexibility and, where permitted by the GHG Protocol, should include: (1) the option for a company to delay the integration of a newly acquired entity into its GHG emissions reporting by one reporting period; (2) where the acquired entity is on its own in scope of SB 253, the option to calculate and report separate GHG emissions for both the company and the acquired entity during the reporting period in which the acquisition takes place; and (3) the option to completely exclude an entity disposed of in the reporting period from GHG emissions reporting for the entire reporting period, regardless of when in the reporting period the disposal happened.

This transition provision would be in line with changes to the CSRD under the revised ESRS, which provide companies with relief to exclude newly acquired entities from their reporting until the next reporting period and relief to exclude entities sold or disposed of during a financial year from that year's reporting.⁷³

The Society is concerned that the current concepts do not provide the relief that may be needed to ensure companies undergoing mergers, acquisitions, dispositions, and other operational changes can properly establish the controls, processes, and systems needed to reliably collect the data and accurately calculate the metrics for a combined GHG emissions inventory. The Society's members note several challenges associated with calculating GHG emissions after a merger or acquisition:

- A merger or acquisition can substantially disrupt a company's GHG emissions inventory process, requiring platform reconfiguration, reconciliation of differing estimation methodologies and emissions factors, recalculation of base- and/or prior-year inventories, and resetting of GHG reduction targets. Data providers and other stakeholders may change due to company restructuring. Existing assurance providers may also need additional time to review the resulting changes for assurance, adding substantial time to a typical GHG emissions reporting timeline.

period(s) disclosed, unless it is impracticable to do so." See Commission Delegated Regulation (EU) of 3 July 2026 amending Delegated Regulation (EU) 2023/2772, Annex I, ESRS 1, ¶98, available at http://ec.europa.eu/finance/docs/level-2-measures/csrd-delegated-act-2026-5010_en.pdf.

⁷³ ESRS 1, paragraphs 74–75.

- Acquisitions may occur late in or after the relevant reporting period, leaving insufficient time to collect, reconcile, and integrate the acquired entity's emissions data into the reporting entity's inventory and assurance process. Additionally, transaction timing can change for reasons outside the reporting entity's control, limiting its ability to plan effectively for data integration before the transaction closes.
- "Gun jumping" rules under antitrust and free competition regulation further restrict a company's ability to begin integrating systems, processes, data, and methodologies before a transaction closes.

The GHG Protocol contemplates certain of the challenges associated with structural changes to an organization and permits companies to defer the recalculation of a GHG emissions inventory from the year of the structural change to the following year.⁷⁴

The Society appreciates the opportunity to provide comments on the implementation of SB 253 and would welcome the opportunity to discuss them with CARB staff and to provide any additional information that would be helpful.

Respectfully submitted,



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⁷⁴ See GHG Protocol Corporate Standard, Chapter 5, page 37-38, available at <https://ghgprotocol.org/sites/default/files/standards/ghg-protocol-revised.pdf>.

