



February 9, 2026

Submitted via CARB Public Comment Web Portal

Lauren Sanchez, Chair
California Air Resources Board
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Re: Proposed California Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation

Chair Sanchez:

Environmental Defense Fund (“EDF”) respectfully submits the following comments to the California Air Resources Board (“CARB”) in response to its request for public input on the Proposed California Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation (“Proposal”)¹ for implementation of Senate Bill (“SB”) 253 and SB 261. Founded in 1967, EDF is a nonprofit organization with more than 2.5 million members nationwide, including approximately half a million in California. EDF has offices across the country, including in California, and a staff of scientists, economists, policy experts, and other professionals. EDF works to strengthen people’s ability to thrive in a changing climate and has long sought to improve disclosure and understanding of climate-related risks.

EDF supports this Proposal overall as a key step in CARB’s implementation of programs that will increase consistency and reliability of public reporting of corporate greenhouse gas (“GHG”) emissions and climate-related financial risks. Improved reporting will benefit investors, consumers, and the broader public. Below, EDF provides comments on several aspects of the Proposal’s regulatory provisions and the Initial Statement of Reasons staff report.

I. Comments on Proposed Regulatory Provisions

Applicability (§ 96201)

EDF supports the Proposal’s exclusions of nonprofit (§ 96201(b)(1)) and governmental entities (§ 96201(b)(3)), and of entities with business in California consisting only of wholesale

¹ CARB, Notice of Public Hearing to Consider the Proposed California Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation (Dec. 9, 2025), https://ww2.arb.ca.gov/sites/default/files/2025-12/200s%20initial%20regulation_notice_final.pdf.

electricity transactions (§ 96201(b)(4)) or employee payments (§ 96201(b)(5)). Each of these exclusions aligns with legislative text and intent that focused on entities conducting activities for financial gain in the state.²

EDF does not oppose the Proposal’s exclusion of insurance companies (§§ 96201(b)(2), 96202(a)(5)) from SB 261 reporting requirements, given explicit direction to that effect in that statute, but the text of SB 253 contains no analogous exclusion.³ Insurers’ GHG emissions can be significant – in particular, scope 3 emissions associated with both investing and underwriting activities – and can serve as an indicator of financial risk, so emissions reporting from these entities would be of high value to the investors, consumers, and public that SB 253 is intended to benefit.⁴ Methodologies for calculating and reporting these emissions have advanced markedly over the last several years.⁵ Accordingly, EDF asks that CARB reconsider its proposed exclusion of insurers from SB 253 reporting requirements, if not in this initial rulemaking then in subsequent amendments.

Definitions (§ 96202)

EDF supports the Proposal’s incorporation of Revenue and Taxation Code (“tax code”) definitions. As EDF has explained in prior comments to CARB,⁶ grounding the revenue and “doing business in California” parameters of these disclosure programs in that well-established and widely familiar framework provides reliability, clarity, and efficiency for regulated entities, regulators, and end users of information alike.

Deadline for Reporting Under Health and Safety Code Section 38532 (§ 96206)

EDF supports CARB’s proposed initial reporting deadline of August 10, 2026 for scope 1 and 2 reporting under SB 253. The alignment with the verification deadline for CARB’s Mandatory Reporting Regulation comports with SB 253’s direction that “the emissions reporting

² See Cal. Rev. & Tax. Code § 23101 (defining “doing business” as “actively engaging in any transaction for the purpose of financial or pecuniary gain or profit”); see also Letter from EDF to CARB 2-5 (Mar. 21, 2025), <https://ww2.arb.ca.gov/form/public-comments/submissions/22566> (explaining rationales for excluding nonprofit and government entities, wholesale electricity transactions, and *de minimis* business activities from applicability determinations).

³ Compare Cal. Health & Safety Code § 38533(a)(4) (codifying the SB 261 definition of “covered entity” with its exclusion of insurance companies) with Cal. Health & Safety Code § 38532(b)(2) (codifying the SB 253 definition of “reporting entity”).

⁴ See Silvia Bressan, *Greenhouse Gas Emissions and the Financial Stability of Insurance Companies*, 18 J. of Risk & Fin. Mgmt. 411 (2025), <https://www.mdpi.com/1911-8074/18/8/411>.

⁵ See The Global GHG Accounting and Reporting Standard for the Financial Industry, Partnership for Carbon Accounting Financials, <https://carbonaccountingfinancials.com/standard> (last visited Feb. 2, 2026) (setting forth guidelines conforming with the GHG Protocol for calculation of financed, facilitated, and insurance-associated GHG emissions).

⁶ See Letter from EDF to CARB at 2-6 (Mar. 21, 2025), <https://ww2.arb.ca.gov/form/public-comments/submissions/22566> (recommending alignment with tax code definitions and Franchise Tax Board data); Letter from EDF to CARB at 1 (Sept. 11, 2025), <https://ww2.arb.ca.gov/form/public-comments/submissions/52356> (further recommending use of tax code definitions and data for reliability and efficiency).

[be] structured in a way that minimizes duplication of effort.”⁷ The proposed timing and fiscal year cutoff appear reasonable and feasible based on EDF’s knowledge of current corporate emissions reporting practices.

II. Comments on Initial Statement of Reasons

EDF agrees that the programs the Proposal helps to implement will “provide accurate, comparable, and decision-useful climate information to investors, lenders, insurers, and the public in California” and “ultimately result in beneficial reductions in GHG emissions.”⁸ For a detailed presentation of evidence establishing these benefits, please see the amicus brief that EDF submitted in the Ninth Circuit Court of Appeals on October 23, 2025,⁹ which is attached to this submission.

* * *

EDF thanks CARB for its efforts to implement these vital disclosure programs and its consideration of public input. Please do not hesitate to contact us to discuss further.

Respectfully submitted,

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⁷ Cal. Health & Safety Code § 38532(c)(2)(D)(i).

⁸ CARB, Public Hearing to Consider the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation, Staff Report: Initial Statement of Reasons at 16 (Dec. 9, 2025), <https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/sb253-261/isor.pdf>.

⁹ Br. of Amicus Curiae Env’t Def. Fund in Support of Defendants-Appellees, *Chamber of Commerce of the United States v. Sanchez*, No. 25-5327 (9th Cir. Oct. 23, 2025).