

February 6, 2026

California Air Resources Board

Submitted via portal: <https://carb.commentinput.com/?id=ekNF7gTx2h>

RE: Comments regarding Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation Proposed Regulation Text A-1

Dear Chair Sanchez:

The California Bankers Association (CBA) appreciates the opportunity to submit comments in response to the California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation Proposed Regulation Text A-1 released December 9, 2025, and scheduled for consideration February 26, 2026.

Bankers appreciate the engagement by CARB staff and the opportunity to suggest improvements to CARB's proposed regulations informed by lessons learned with other corporate climate disclosure programs.

Section 96071 Applicability

Credit unions should be included -- In contrast to organizations with charitable intent or other community benefit that qualify as a tax-exempt under section 501(c)(3) of the Internal Revenue Code (IRC), credit unions are nonprofits organized under either Section 501(c)(1) or 501(c)(14) that compete in the marketplace with banks. Bankers believe limiting the Section 96201(b)(1) exemption to those organizations that qualify as tax-exempt under section 501(c)(3) of the IRC would be in accordance with the legislative intent.

Section 96072 Definitions

Commend two-year revenue threshold window -- Bankers commend the inclusion of "the lesser of the entity's previous two fiscal years of revenue" in Section 96202(a)(11) as this avoids the circumstance where short-term revenue volatility, or one-time gains, may cause an entity to temporarily exceed the threshold.

Section 96072 Definitions and Sections 96073-96075 Calculation of Fees, Payment and Collection, Fee Enforcement

Improve clarity about parent/subsidiary identification and disputes -- It would be helpful for CARB to clarify how the fee framework is intended to operate in practice, including that CARB determines applicability and issues fee determination notices, while entities maintain records demonstrating whether they meet the applicable thresholds and provide those records upon request. Specifically, CARB should clarify a process for disputes over

assessments or entity classification before payments are due, how late identification of covered entities or corrections will be handled, and whether CARB will stay enforcement while disputes are pending. Adding these elements would reduce confusion and support more efficient fee administration.

Section 96076 Deadline for Reporting Under HSC Section 38532

First year August 10 reporting deadline becomes more challenging once assurance and Scope 3 added, December 31 promotes more durable and consistent reporting – Section 96076(a) establishes a deadline for the 2026 reporting. CARB is encouraged to take into account future Scope 3 reporting and assurance requirements, not only the Scope 1 and Scope 2 reporting included in this regulation package, to establish a durable emissions disclosure framework that can scale effectively over time.

While some entities with mature data systems and established emissions reporting processes can meet an August 10 reporting deadline today for Scope 1 and Scope 2 disclosures, this timing is not sustainable as a permanent regulatory requirement. As reporting and assurance expectations expand, an early August deadline becomes increasingly misaligned with how emissions data are finalized, reviewed, and assured in practice. Over the longer term, reporting deadlines should be moved later in the year and aligned across scopes. Aligning Scope 1 and Scope 2 reporting with Scope 3 on a December 31 deadline would provide a more durable and consistent reporting framework.

For financial institutions, Scope 1 and Scope 2 emissions data are sourced from numerous offices, subsidiaries, and operational systems across multiple jurisdictions. While some firms can finalize this information by early August, doing so may require accelerated timelines and tightly sequenced internal processes, leaving limited flexibility to accommodate late-arriving data or additional review. These challenges are more acute for entities with decentralized operations, less mature emissions data systems, or limited experience coordinating emissions reporting alongside assurance processes within compressed timelines after the fiscal year closes.

Establishing the proper long-term reporting deadline also requires considering Scope 3 timing. As CARB develops a permanent reporting framework, Scope 3 considerations are directly relevant to deadline design and should be incorporated from the outset, rather than retrofitted later. Scope 3 emissions reporting presents distinct and materially greater timing challenges, which underscore why a single August reporting deadline is not appropriate across all scopes. Scope 3 data depend on third-party information that is outside an entity's control and often subject to significant lags. For financial institutions, financed emissions calculations rely on emissions data from thousands of counterparties across sectors and jurisdictions, many of whom do not publish relevant information until well after mid-year. Data vendors supporting Scope 3 reporting similarly face delays in

obtaining, validating, and updating datasets. As a result, Scope 3 disclosures inherently trail Scope 1 and Scope 2 and cannot reasonably be finalized by an August 10 deadline.

Assurance processes create additional timing constraints across all scopes. Under SB 253, independent assurance for Scope 1 and Scope 2 emissions begins with limited assurance and escalates to reasonable assurance over time. Even limited assurance requires evidence-based testing, documentation of internal controls, and validation of underlying data. Reasonable assurance substantially increases the scope and rigor of review, requiring more extensive sampling, deeper controls evaluation, and additional review cycles. An August deadline limits flexibility for these processes and becomes increasingly misaligned as assurance expectations mature.

These timing pressures are further compounded by assurance provider capacity constraints. Assurance firms must allocate resources across multiple clients, scopes, and regulatory regimes and require sufficient time to conduct testing, resolve issues, and complete quality reviews. A fixed August deadline increases the risk of bottlenecks and inconsistent outcomes, particularly as Scope 3 and reasonable assurance requirements are phased in.

A December 31 reporting deadline better accommodates the realities of third-party data flows and provides a stable foundation as assurance requirements mature. Aligning all scopes to a single year-end deadline would support higher-quality data, improve comparability across reporting entities, reduce operational risk, and enable CARB to establish a durable emissions disclosure framework that can scale effectively over time.

Retain flexibility – CARB should afford reporting entities maximum flexibility with respect to the reporting period covered by reports. Relevant factors that may affect a reporting entity's timeline for collecting, reconciling and obtaining assurance include, but are not limited to, the annual reporting deadline established by CARB, a reporting entity's fiscal year (which may not match the calendar year), and a reporting entity's reporting cycle for greenhouse gas emissions data (which may not match its fiscal year). Further, CARB should formally allow the use of estimates, proxies or modeled data when third party records are not yet finalized, and without triggering penalties or re-filing obligations.

Section 96207 Severability

No comments.

Preserve flexibility, avoid prescriptive requirements or reporting formats

The statute provides that emissions reporting should be “structured in a way that minimizes duplication of effort and allows a reporting entity to submit...reports prepared to meet other national and international reporting requirements, as long as those reports

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satisfy all of the requirements of [Health and Safety Code Section 38532].” Bankers encourage CARB to avoid prescriptive requirements or mandatory reporting templates that are at odds with the statute’s clear expectation that reporting entities may satisfy their obligations by submitting reports prepared for other jurisdictions.

Sincerely,

A handwritten signature in blue ink that reads "Chris Shultz". The signature is stylized, with a large, looped "C" at the beginning.

Chris Shultz
Vice President, Government Relations
California Bankers Association

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