Western States Petroleum Association (Sophie Ellinghouse)

Please see attached.

Sophie Ellinghouse
Vice President, General Counsel & Corporate Secretary

August 11, 2026

Clerks' Office
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Uploaded to CARB comment portal
and submitted by email to:
climatedisclosure@arb.ca.gov

Re: WSPA Comments on Proposed Modifications to the California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation

The Western States Petroleum Association (WSPA) appreciates the opportunity to comment on the California Air Resources Board's (CARB) Modified Text and Availability of Additional Documents and/or Information for the Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation released on July 27, 2026 (15-Day Changes).[1] WSPA is a non-profit trade association that represents companies that safely explore for, produce, refine, transport and market petroleum, petroleum products, natural gas, and other energy supplies in California, Washington, Oregon, Nevada, and Arizona.

WSPA reminds CARB that the U.S. Chamber of Commerce and other organizations have filed a federal lawsuit seeking to have California's Corporate Data Accountability Act (SB 253) and Climate-Related Financial Risk Act (SB 261) declared unconstitutional.[2] WSPA agrees with the petitioners that these laws should be invalidated and their enforcement enjoined. As of November 18, 2025, enforcement of SB 261 has already been enjoined pending appeal, and during oral argument on January 9, 2026, the United States Court of Appeals for the Ninth Circuit expressed concerns regarding the legality of certain aspects of *both* laws. Accordingly, CARB should defer any further actions to implement these laws pending final resolution of ongoing legal challenges, given the significant remaining uncertainty regarding the legality of such actions.

In the meantime, WSPA submits the following comments regarding the proposed 15-Day Changes.[3]

1. CARB should preserve flexibility for reporting entities to address data availability challenges.

WSPA appreciates CARB's proposal to extend the initial SB 253 reporting deadline from August 10, 2026, to November 10, 2026. WSPA supports this extension as it appropriately recognizes that reporting entities may require additional time and clarity before submitting their first Scope 1 and Scope 2 greenhouse gas (GHG) emissions report. WSPA urges CARB to apply the same practical flexibility when determining which fiscal year's data must be submitted for the initial report. However, the proposed modifications in the 15-Day Changes retain the mandatory February 1 cutoff date, under which entities whose fiscal year ends on or before February 1, 2026, would report data from their fiscal year ending in 2026, while entities whose fiscal year ends after that date would report their 2025 data.

[1] CARB, California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation; available at: https://ww2.arb.ca.gov/rulemaking/2025/california-corporate-greenhouse-gas-reporting-and-climate-related-financial-risk. Accessed August 2026.
[2] *See Chamber of Commerce of the United States of America v. Randolph*, No. 2:24-cv-00801 (C.D. Cal.).
[3] Nothing in this submission should be considered an admission of lawfulness on the part of WSPA or its members. WSPA and its members reserve the right to challenge the underlying statutes or implementing regulations as unconstitutional or otherwise unlawful.

WSPA urges CARB not to adopt this mandatory cutoff date to preserve the necessary flexibility for reporting entities. As WSPA has previously explained,[4] a mandatory cutoff date fails to account for data availability challenges faced by many complex organizations. Data from the prior fiscal year is generally not available for external reporting until the third or fourth quarter of the following year. Imposing a rigid cutoff date would undermine the rationale for CARB's deadline extension by failing to preserve the necessary flexibility for many complex organizations.[5]

2. CARB should permit entities to submit emissions data from their own reports.

In the 15-Day Changes, CARB proposes modifications to the 2026 reporting requirements in Section 96076. However, the proposed requirements remain unclear regarding the reporting format for Scope 1 and Scope 2 emissions. As a result, WSPA urges CARB to explicitly clarify in the regulatory text that reporting entities that prepare their own GHG inventories or sustainability reports containing Scope 1 and Scope 2 emissions data may submit the relevant emissions data from those reports in lieu of using the standard template. This approach would provide the necessary clarity while affording reporting entities the flexibility to align their submissions with existing internal processes, third-party verification practices, and other regulatory or investor reporting obligations – all while maintaining data transparency and compliance with SB 253. Critically, this approach should not require submission of a reporting entity's entire company-developed report, but only the specific, relevant verified emissions data.[6]

3. CARB should clarify that the selection of an organizational boundary remains within the reporting entity's discretion.

WSPA emphasizes the importance of allowing reporting entities the flexibility to select the organizational boundary approach that best fits their circumstances (e.g., operational control) and aligns with their existing reporting practices. WSPA maintains its position[7] that CARB should retain flexibility for entities to select one of the three boundary approaches defined by the GHG Protocol: equity share, financial control, or operational control.[8] Allowing this flexibility would ensure consistency with established regulatory frameworks and industry best practices (e.g., the U.S. Environmental Protection Agency's GHG Reporting Program and sustainability reporting guidance for the oil and gas industry released by Ipieca, the American Petroleum Institute, and the International Association of Oil and Gas Producers), while enhancing the usefulness of reported information by recognizing diverse corporate structures. Accordingly, WSPA urges CARB to explicitly clarify in the regulatory text that the selection and any accompanying justification of an organizational boundary remains at the reporting entity's discretion.

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[4] *See* "WSPA Comments on the Proposed California Corporate Greenhouse Gas Reporting Program and Climate-Related Financial Risk Disclosure Program Initial Regulation;" filed February 9, 2026 available at: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid377/did200184/pid_213090/assets/merged/j60bihs2waa_document.pdf?v=12722.

[5] CARB, SB 253/261/219 Public Workshop: Update on California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs, November 18, 2025; available at: https://ww2.arb.ca.gov/sites/default/files/classic/SB%20253%20261%20Nov%20Workshop%20slides%20%28Updated%29.pdf. Accessed July 2026.

[6] *See* CARB "SB 253/261/219 Public Workshop: Update on California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs" November 18, 2025, CARB staff presentation, at Slide 12, "Yes. If a company develops its own annual report that includes information on Scope 1 and 2 emissions, that company may submit that report to CARB for 2026 reporting.;" available at: https://ww2.arb.ca.gov/sites/default/files/classic/SB%20253%20261%20Nov%20Workshop%20slides%20%28Updated%29.pdf.

[7] *See e.g.,* WSPA Comments on Draft Reporting Template for Scopes 1 and 2 GHG Emissions. October 27, 2025, available at: https://ww2.arb.ca.gov/system/files/webform/public_comments/53876/wspa-sb-253-draft-reporting-template-comments-with-citations-10-27-2025.pdf; WSPA Comments on the Proposed California Corporate Greenhouse Gas Reporting Program and Climate-Related Financial Risk Disclosure Program Initial Regulation, available at: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid377/did200184/pid_213090/assets/merged/j60bihs2waa_document.pdf?v=40333.

[8] *See* U.S. EPA, Scopes 1 and 2 Emissions Inventorying and Guidance; available at: https://www.epa.gov/climateleadership/determine-organizational-boundaries. Accessed August 2026.

Additionally, WSPA requests that CARB remove the following sentence from the proposed definition of "subsidiary" in Section 96072(16):

> *"A subsidiary may operate as a separate legal entity but is under the control of the parent entity due to this direct corporate association which can influence the subsidiary's operations, management, or financial decisions."*

Removal of this sentence would eliminate unnecessary ambiguity and potential conflicts with existing frameworks for organizational boundaries.

4. CARB should clarify that a parent company can submit consolidated Scope 1 and Scope 2 reports.

WSPA recommends that CARB revise Section 96076(a) to explicitly clarify that a parent company may report consolidated Scope 1 and Scope 2 reports at the parent-company level, even if a portion of those consolidated emissions are attributable to subsidiaries not within the regulation's scope. SB 253 is clear that emissions reporting should be structured to minimize duplication of effort. Such clarification would help mitigate undue reporting burdens for regulated entities. Accordingly, WSPA proposes the following revisions to Section 96076(a):

> "**§96076. Reporting Under Health and Safety Code Section 38532**
> (a) ~~Reporting entities~~Each reporting entity shall report their Scope 1 and Scope 2 emissions for the applicable preceding fiscal year as determined in section 96076(~~b~~c), on or before ~~August~~ November 10, 2026. Except as specified in subsection (b), each reporting entity's Scope 1 and Scope 2 emissions report shall meet the requirements of Health and Safety Code sections 38532(c)(2)(A)(i)(I) and 38532(c)(2)(A)(ii). Scope 3 emissions reporting is not required for 2026 reporting. Report~~s~~ing of Scope 1 and Scope 2 emissions may be consolidated at the parent company level. If a subsidiary of a parent company qualifies as a reporting entity as defined in section 96072(a)(11) and the parent company chooses to report consolidated Scope 1 and Scope 2 emissions at the parent company level~~reports~~, the subsidiary is not required to prepare a separate report.

5. CARB should limit recordkeeping burdens on entities meeting an appropriate threshold of "doing business in California."

As stated in its prior comment letter, WSPA believes that the initial regulation's proposed data retention provision includes a self-certification requirement that is inconsistent with CARB's stated rationale of using publicly available and verifiable information to determine applicability.[9] Specifically, the proposed data retention provision requires entities subject to the regulation to maintain records demonstrating that they "meet the revenue and doing business in California thresholds." The 15-Day Changes propose to retain this requirement, clarifying that the records to be maintained are California tax records. WSPA maintains its position that reporting entities should not bear the additional burden of justifying their inclusion beyond what is necessary for compliance.

In addition, the proposal states that entities must provide these tax records to CARB upon request, without clarifying the circumstances under which such requests may be made. If CARB maintains the proposed data retention requirements, then, at a minimum, CARB should clearly define the circumstances under which records may be requested. WSPA also continues to urge CARB to develop clear guidance on how it will collect, manage, and use data provided by entities. Such guidance would help clarify data requirements, prevent the submission of extraneous information and reduce unnecessary administrative costs for both CARB and reporting entities.

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[9] *See* "WSPA Comments on the Proposed California Corporate Greenhouse Gas Reporting Program and Climate-Related Financial Risk Disclosure Program Initial Regulation;" filed February 9, 2026, available at: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid377/did200184/pid_213090/assets/merged/j60bihs2waa_document.pdf?v=12722.

Relatedly, the 15-Day Changes propose to modify the definition of "doing business in California" to clarify that the definition is evaluated at the individual business entity level. While WSPA supports this change, WSPA believes CARB should clarify in the regulatory text that the *sales* or *revenue* of subsidiaries are not intended to be aggregated when reports are consolidated at the parent company level. One recommended approach for entities that file consolidated tax returns at the parent level but are not commercially domiciled in California and have no California sales in excess of the amount specified in Revenue and Taxation Code (RTC) Section 23101(b)(2) – yet have California-allocated income attributable to their subsidiaries' operations – is to add a sentence to the end of the proposed regulatory text for Section 96072(a)(8) as follows:

> "To determine a business entity's sales in California under Revenue and Taxation Code Section 23101(b)(2), the sales of a subsidiary are not attributed to its parent notwithstanding any unitary tax return filed by them."

Likewise, CARB should add the following sentence to the end of Section 96072(a)(13):

> "To determine a business entity's total annual revenue under Revenue and Taxation Code Section 25120(f)(2), the revenue of a subsidiary is not attributed to its parent, notwithstanding any unitary tax return filed by them.'"

Additionally, the regulatory text continues to risk imposing disproportionate compliance requirements by implicating global operational data for companies that may have only a fraction of their business operations and income in California. Therefore, for domestic entities that meet the global revenue threshold but are neither organized nor commercially domiciled in California, WSPA recommends that an entity be considered within the scope of the regulation only if it: (1) meets the sales threshold in RTC Section 23101(b)(2); (2) reports more than $200 million in California-allocated or California-apportioned business income, adjusted annually for inflation; and (3) is registered to do business in California with the Secretary of State pursuant to General Corporation Law Section 191.

6. CARB should confirm that it will not enforce limited assurance requirements for initial reports and support flexibility and efficiency in the verification process.

WSPA continues to request that CARB modify the regulatory text to explicitly waive all assurance requirements for the first SB 253 report due in 2026, even for entities that have previously obtained third-party verification for Scope 1 and Scope 2 emissions under a different voluntary or regulatory reporting framework. While CARB has provided guidance on enforcement discretion in its frequently asked questions (FAQ) document[10] and a workshop presentation,[11] the current regulatory text does not reflect this waiver. To avoid confusion and regulatory uncertainty, CARB should explicitly state in the regulatory text that limited assurance is not required for the 2026 submission of Scope 1 and Scope 2 GHG emissions, regardless of whether that entity has already obtained assurance on its collected data.

Additionally, CARB should maintain flexibility for reporting entities to use applicable GHG emissions reporting standards to accommodate diverse organizational structures and global compliance obligations. For example, CARB should clearly authorize the use of current versions of existing protocols like the International Organization for Standardization (ISO) 14060 family (e.g., ISO 14064-3:2019 standard) and International Standard on Sustainability Assurance (ISSA) 5000 for assurance purposes.[12]

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[10] *See* CARB "California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs: Frequently Asked Questions About Regulatory Development and Initial Reports," November 17, 2025, available at: https://ww2.arb.ca.gov/sites/default/files/classic/FAQs%20Regarding%20California%20Climate%20Disclosure%20Requirements_Nov.pdf.

[11] *See* CARB "SB 253/261/219 Public Workshop: Update on California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs," November 18, 2025, at Slide 12, "Is data assurance required for 2026 reporting? For 2026 reporting, limited assurance is not required for data submission," available at: https://ww2.arb.ca.gov/sites/default/files/classic/SB%20253%20261%20Nov%20Workshop%20slides%20%28Updated%29.pdf.

[12] *See* CARB "SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program," July 21, 2026, at Slide 33; available at: https://ww2.arb.ca.gov/sites/default/files/2026-07/SB_253_Presentation_July_2026.pdf.

Such protocols are widely used in the United States and provide an internationally recognized framework for Scope 1 and Scope 2 GHG emissions verification. To support process efficiency and avoid unnecessary administrative burden, CARB should not require application of the Mandatory Reporting Regulation verification process, as doing so would impose an excessive administrative and capital burden on a program that lacks the financial underpinnings of a Cap-and-Invest program.

While SB 253 does not create a private cause of action, compliance with CARB's regulation will likely increase liability risks under other legal theories. These risks include unfounded claims of greenwashing, consumer fraud, and/or human rights claims stemming from mandated disclosure in areas where data is often based on assumptions and is difficult to meaningfully quantify. As such, WSPA strongly urges CARB to include language limiting liability for reported information under any statute or other cause of action.

7. CARB should remove all provisions related to SB 261.

On November 18, 2025, the U.S. Court of Appeals for the Ninth Circuit granted an injunction pending appeal against the enforcement of SB 261.[13] In response, CARB issued an Enforcement Advisory on December 1, 2025, stating that it will not enforce SB 261 reporting requirements.[14] Nevertheless, the proposed 15-Day Changes still include SB 261-related provisions, including definitions and fee requirements. Retaining these provisions creates unnecessary confusion and appears facially inconsistent with the court's order enjoining CARB from "applying or taking any action to enforce" SB 261. Accordingly, WSPA urges CARB to remove all SB 261-related provisions from the proposed regulatory text.

8. CARB should remove legal defense fees from the definition of "required revenue."

Section 96072(a)(12) of the proposed initial regulation defines "required revenue" as "the total amount of funds necessary to recover the costs of implementation or expenditures under the programs established by Health and Safety Code §§ 38532 or 38533, respectively, for each fiscal year, based on the number of personnel positions, including salaries and benefits, contracting costs, and all other costs, ***including legal defense of this article***, as approved in the California Budget Act for that fiscal year." (emphasis added).

The regulatory text incorporates the definition of "required revenue" for a given fiscal year into the formula for determining fee rates for SB 253 and SB 261. The inclusion of legal defense fees in this definition may constitute an improper barrier to the exercise of First Amendment rights to petition the government, which includes the right to file lawsuits challenging unconstitutional laws. It may also raise due process concerns by imposing an unconstitutional penalty for accessing the court system. Accordingly, WSPA urges CARB to remove legal defense fees from the proposed definition of "required revenue."

Thank you for CARB's ongoing engagement with stakeholders, and for considering our comments.

Sincerely,

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Sophie Ellinghouse
Vice President, General Counsel & Corporate Secretary

[13] *U.S. Chamber of Commerce v. Sanchez,* Case No. 25-5327 (9th Cir.).
[14] *See* CARB, Enforcement Advisory Climate-Related Financial Risk Reporting (SB 261). December 1, 2025; available at: https://ww2.arb.ca.gov/sites/default/files/2025-12/Dec%201%20SB%20261%20Enforcement%20Advisory.pdf.

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United States District Court
Central District of California

CHAMBER OF COMMERCE OF THE UNITED STATES OF AMERICA et al.,

Plaintiffs,

v.

CALIFORNIA AIR RESOURCES BOARD et al.,

Defendants.

Case № 2:24-cv-00801-ODW (PVCx)

ORDER GRANTING DEFENDANTS' MOTION TO DENY OR DEFER PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT AND DENYING PLAINITFFS' MOTION FOR SUMMARY JUDGMENT [48] [57]

I. INTRODUCTION

Plaintiffs Chamber of Commerce of the United States of America, California Chamber of Commerce, American Farm Bureau Federation, Los Angeles County Business Federation, Central Valley Business Federation, and Western Growers Association bring this action challenging California Senate Bills ("SB" or "SBs") 253 and 261 against Defendants Chair of the California Air Resources Board ("CARB") Liane M. Randolph, Executive Officer of CARB Steven S. Cliff, and California Attorney General Robert A. Bonta (the "State") for violation of the First Amendment, the Supremacy Clause, and the United States Constitution's limitations on extraterritorial regulation. (*See* First Am. Compl. ("FAC") ¶¶ 92–112, ECF No. 28.) Plaintiffs move for summary judgment on their First Amendment claim. (Mem.

P. & A. ISO Mot. Summ. J. ("MSJ" or "Motion for Summary Judgment"), ECF No. 48-1). The State moves to deny or defer Plaintiffs' Motion for Summary Judgment under Federal Rule of Civil Procedure ("Rule") 56(d). (Mot. Deny Defer MSJ ("Rule 56(d) Mot." or "Rule 56(d) Motion"), ECF No. 57-1.)[1]

For the reasons discussed below, the Court **GRANTS** the State's Rule 56(d) Motion and **DENIES** Plaintiffs' Motion for Summary Judgment.[2]

II. BACKGROUND

On October 7, 2023, Governor Gavin Newsom signed SBs 253 and 261 into law. (MSJ 2.) SBs 253's and 261's obligations are expected to take effect in 2026. Cal. Health & Safety Code §§ 38532(c)(1)(A), (F)(ii)–(iii), 38533(b)(1)(A). A brief description of each law follows.

A. Senate Bill 253

SB 253 directs that by January 1, 2025, CARB "shall develop and adopt regulations" for "reporting entities"—businesses with total annual revenues over $1 billion "that do[] business in California." *Id.* §§ 38532(b)(2), (c)(1).[3] One of the legislation's sponsors estimates that SB 253 would apply to approximately 5,300 United States businesses. (Pls. Separate Statement Uncontroverted Facts ("PF") 27–28, ECF No. 48-2.)

SB 253 requires CARB to develop regulations that require reporting entities to annually disclose its Scope 1, Scope 2, and Scope 3 emissions. Cal. Health & Safety Code § 38532(c)(1).

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[1] The State also moves to dismiss Plaintiffs' Supremacy Clause and extraterritorial regulation claims. (Mot. Dismiss, ECF No. 38.) The Court will address that motion in a separate order.

[2] Having carefully considered the papers filed in connection with the Motion for Summary Judgment and Rule 56(d) Motion, the Court deemed the matter appropriate for decision without oral argument. Fed. R. Civ. P. 78; C.D. Cal. L.R. 7-15.

[3] On October 16, 2024, Defendants informed the Court that, on September 27, 2024, Governor Newsom signed amendments to SBs 253 and 261 into law. (Not. Amends. SBs 253 & 261, ECF No. 72.) The amendments would, among other things, delay CARB's requirement to adopt SB 253's implementing regulations until July 1, 2025. (*Id.* at 1). Because the amendments do not take effect until January 1, 2025, and the amendments do not alter the Court's analysis in this Order, the Court describes SBs 253 and 261 as in effect as of the date of this Order.

- Scope 1 emissions are "all direct greenhouse gas emissions that stem from sources that a reporting entity owns or directly controls, regardless of location, including, but not limited to, fuel combustion activities." *Id.* § 38532(b)(3).
- Scope 2 emissions are "indirect greenhouse gas emissions from consumed electricity, steam, heating, or cooling purchased or acquired by a reporting entity, regardless of location." *Id.* § 38532(b)(4).
- Scope 3 emissions are "indirect upstream and downstream greenhouse gas emissions, other than scope 2 emissions, from sources that the reporting entity does not own or directly control and may include, but are not limited to, purchased goods and services, business travel, employee commutes, and processing and use of sold products." *Id.* § 38532(b)(5).

SB 253 does not mandate entities to report avoided emissions, or so-called "Scope 4 emissions." (PF 59.) These are "avoided emissions or greenhouse-gas reductions from actions taken to compensate for or offset emissions." (Decl. Bradley J. Hamburger Ex. 17 ("Greenhouse Gas Protocol") 6, ECF Nos. 48-3, 48-20; *see* PF 31, 59.)

SB 253 requires CARB to ensure that its regulations mandate entities to measure and report Scope 3 emissions "in conformance with the Greenhouse Gas protocol standards and guidance." Cal. Health & Safety Code § 38532(c)(1)(A)(ii). The law further directs CARB to develop and adopt regulations to "minimize[] duplication of effort" by allowing entities "to submit to the emissions reporting organization reports prepared to meet other national and international reporting requirements." *Id.* § 38532(c)(1)(D)(i). CARB must also develop and adopt regulations that ensure reporting entities obtain third-party assurances as to the quality and accuracy of the reported emissions. *Id.* § 38532(c)(1)(F). These emissions data will be publicly available, and CARB will ensure the creation of a public report on the disclosures. *Id.* §§ 38532(d)(1), (e)(1)(2). SB 253 requires CARB to adopt regulations that authorize it to seek administrative penalties for "nonfiling, late filing, or other failure to meet the requirements" of the law. *Id.* § 38532(f)(2)(A).

B. Senate Bill 261

SB 261 applies to any entity with total annual revenues over $500 million "that does business in California." *Id.* § 38533(a)(4). The California Senate Rules Committee analysis estimates that over 10,000 companies would meet this threshold, twenty percent of which are publicly traded companies. (PF 48–49.)

As of January 1, 2026, SB 261 will mandate each applicable entity to biennially disclose on its website two categories of climate-related financial risk information, defined as information related to "material risk of harm to immediate and long-term financial outcomes due to physical and transition risks" to the business, Cal. Health & Safety Code § 38533(a)(2)[4]:

- Its climate-related financial risk, in accordance with the recommended framework and disclosures contained in the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures (June 2017), *id.* § 38533(b)(1)(A)(i); and
- Its measures adopted to reduce and adapt to climate-related financial risk disclosed in its biennial report. *Id.* § 38533(b)(1)(A)(ii).

SB 261 requires CARB to adopt regulations that authorize it to seek administrative penalties—no more than $50,000—for reporting entities that fail to publish a report or make an inaccurate one. *Id.* § 38533(e)(2).

On January 30, 2024, Plaintiffs filed this lawsuit against the State. (Compl., ECF No. 1.) In its first amended complaint, filed on February 22, 2024, Plaintiffs bring four causes of action under 42 U.S.C. § 1983. In Count I, Plaintiffs allege that SBs 253 and 261 violate the First Amendment. (FAC ¶¶ 92–99.) In Count II, Plaintiffs assert that federal law preempts SBs 253 and 261, which violates the Supremacy Clause. (*Id.* ¶¶ 100–06.) In Count III, Plaintiffs claim that the laws

[4] The legislation's full definition of "climate-related financial risk" is as follows: "material risk of harm to immediate and long-term financial outcomes due to physical and transition risks, including, but not limited to, risks to corporate operations, provision of goods and services, supply chains, employee health and safety, capital and financial investments, institutional investments, financial standing of loan recipients and borrowers, shareholder value, consumer demand, and financial markets and economic health." Cal. Health & Safety Code § 38533(a)(2).

violate the U.S. Constitution's limits on extraterritorial regulation. (*Id.* ¶¶ 107–12.) Lastly, in Count IV, Plaintiffs seek payment of attorneys' and expert' fees. (*Id.* ¶¶ 113–15.) As relief, Plaintiffs seek declarations that SBs 253 and 261 are "null, void, and with no force or effect," and an injunction enjoining the State from "implementing, applying, or taking any action whatsoever to enforce" SBs 253 and 261. (FAC, Prayer for Relief ¶ 116.)

Despite discovery having not yet begun, Plaintiffs now move for summary judgment on their First Amendment Claim. (MSJ.) In addition to opposing Plaintiffs' Motion for Summary Judgment on the merits, the State separately moves to deny or defer the motion under Rule 56(d). (Opp'n MSJ, ECF No. 52; Rule 56(d) Mot.) The Motion for Summary Judgment and Rule 56(d) Motion are fully briefed. (MSJ; Opp'n MSJ; Reply ISO MSJ, ECF No. 59; Rule 56(d) Mot.; Opp'n Rule 56(d) Mot., ECF No. 60; Reply ISO Rule 56(d) Mot., ECF No. 61.)[5]

III. LEGAL STANDARD

A court "shall grant summary judgment if the movant shows that there is no genuine dispute as to any material fact and the movant is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(a). A disputed fact is "material" where it might affect the outcome of the suit under the governing law, and the dispute is "genuine" where "the evidence is such that a reasonable jury could return a verdict for the nonmoving party." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 248 (1986). The burden of establishing the absence of a genuine issue of material fact lies with the moving party. *See Celotex Corp. v. Catrett*, 477 U.S. 317, 322–23 (1986).

Once the moving party satisfies its initial burden, the nonmoving party cannot simply rest on the pleadings or argue that any disagreement or "metaphysical doubt"

[5] The parties also filed supplemental briefing on the impact of the Ninth Circuit's recent decisions in *NetChoice, LLC v. Bonta*, 113 F.4th 1101 (9th Cir. 2024), and *X Corp. v. Bonta*, 116 F.4th 888 (9th Cir. 2024) on the Motion for Summary Judgment and Rule 56(d) Motion. (*See* Defs. Sur-Reply MSJ, ECF No. 64; Pls. Resp. Sur-Reply, ECF No. 66; Pls. Suppl, Br., ECF No. 69; Defs. Suppl. Br., ECF No. 70.)

about a material issue of fact precludes summary judgment. *Matsushita Elec. Indus. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). The non-moving party must show that there are "genuine factual issues that . . . may reasonably be resolved in favor of either party." *Cal. Architectural Bldg. Prods., Inc. v. Franciscan Ceramics, Inc.*, 818 F.2d 1466, 1468 (9th Cir. 1987) (emphasis omitted) (quoting *Anderson*, 477 U.S. at 250). Courts should grant summary judgment against a party who fails to make a sufficient showing on an element essential to her case when she will ultimately bear the burden of proof at trial. *Celotex*, 477 U.S. at 322–23.

In ruling on summary judgment motions, courts "view the facts and draw reasonable inferences in the light most favorable" to the nonmoving party. *Scott v. Harris*, 550 U.S. 372, 378 (2007) (internal quotation marks omitted). Conclusory, speculative, or "uncorroborated and self-serving" testimony will not raise genuine issues of fact sufficient to defeat summary judgment. *Villiarimo v. Aloha Island Air, Inc.*, 281 F.3d 1054, 1061 (9th Cir. 2002); *see Thornhill Publ'g Co. v. GTE Corp.*, 594 F.2d 730, 738 (9th Cir. 1979). Moreover, though a court may not weigh conflicting evidence or make credibility determinations, there must be more than a mere scintilla of contradictory evidence to survive summary judgment. *Addisu v. Fred Meyer, Inc.*, 198 F.3d 1130, 1134 (9th Cir. 2000).

A court may assume that material facts claimed and adequately supported are undisputed except to the extent that such material facts are (a) included in the opposing party's responsive statement of disputes and (b) controverted by declaration or competent written evidence. C.D. Cal. L.R. 56-4. A court is not obligated to look any further in the record for supporting evidence other than what is actually and specifically referenced. *Id.*

"A party requesting a continuance pursuant to Rule 56(d) must identify by affidavit the specific facts that further discovery would reveal, and explain why those facts would preclude summary judgment. *Sec. & Exch. Comm'n v. Stein*, 906 F.3d 823, 833 (9th Cir. 2018) (internal quotation marks omitted) (quoting *Tatum v. City &*

Cnty. of San Francisco, 441 F.3d 1090, 1100 (9th Cir. 2006)). "The facts sought must be 'essential' to the party's opposition to summary judgment, and it must be 'likely' that those facts will be discovered during further discovery." *Id.* (citation omitted). In denying the request, a "district court abuses its discretion only if the party requesting a continuance can show that allowing additional discovery would have precluded summary judgment." *Singh v. Am. Honda Fin. Corp.*, 925 F.3d 1053, 1076 (9th Cir. 2019).

IV. DISCUSSION

The sole claim at issue in the Motion for Summary Judgment and Rule 56(d) Motion is Plaintiffs' facial challenge to SBs 253 and 261 for violation of the First Amendment. (*See* MSJ; Rule 56(d) Mot.)

A. Whether the First Amendment Applies

Before analyzing whether SBs 253 and 261 violate the First Amendment, the Court must first decide whether the First Amendment even applies.

While the State devotes most of its briefing to arguing that the laws withstand First Amendment scrutiny, the State also asserts that the laws escape First Amendment scrutiny because they are "part of a broader regulatory apparatus." (Opp'n MSJ 20 (internal quotation marks omitted).)

As the Ninth Circuit recently noted, "[i]t is well-established that the First Amendment protects 'the right to refrain from speaking at all'" and "that the forced disclosure of information, even purely commercial information, triggers First Amendment scrutiny." *NetChoice, LLC v. Bonta*, 113 F.4th 1101, 1117 (9th Cir. 2024) (quoting *Wooley v. Maynard*, 430 U.S. 705, 714 (1977)). A law's "primary effect . . . is to compel speech, distinguishing it from statutes where the compelled speech was plainly incidental to the [law's] regulation of conduct." *Id.* (second alteration in original) (internal quotation marks omitted). There can be no dispute that the primary effect—and purpose—of SBs 253 and 261 is to compel speech. (*See*

Opp'n MSJ 15–17 (describing California's interests in SBs 253 and 261).) Therefore, the First Amendment applies to SBs 253 and 261.

B. Whether SBs 253 and 261 Violate the First Amendment

Plaintiffs bring a First Amendment facial challenge to SBs 253 and 261. "[C]ourts usually handle constitutional claims case by case, not en masse." *X Corp. v. Bonta*, 116 F.4th 888, 898 (9th Cir. 2024) (quoting *Moody v. NetChoice, LLC*, 144 S. Ct. 2383, 2397 (2024)). Because facial challenges "often rest on speculation about the law's coverage and its future enforcement" and "threaten to short circuit the democratic process," the Supreme Court "has therefore made facial challenges hard to win." *Moody*, 144 S. Ct. at 2397 (internal quotation marks omitted).

In First Amendment cases, the Supreme Court has "lowered th[e] very high bar" of a typical facial challenge. *X Corp.*, 116 F.4th at 898 (quoting *Moody*, 144 S. Ct. at 2397). "'[I]f the law's unconstitutional applications substantially outweigh its constitutional ones,' then a court may sustain a facial challenge to the law and strike it down." *Id.* (alteration in original) (quoting *Moody*, 144 S. Ct. at 2397). As such, "a First Amendment facial challenge has two parts: first, the courts must 'assess the state laws' scope'; and second, the courts must 'decide which of the laws' applications violate the First Amendment, and . . . measure them against the rest." *Id.* (alteration in original) (quoting *Moody*, 144 S. Ct. at 2398). The Supreme Court recently admonished that courts cannot treat facial challenges "more like as-applied claims than like facial ones." *Moody*, 144 S.Ct. at 2398.

In evaluating whether a regulation violates the First Amendment, courts "distinguish between content-based and content-neutral regulations of speech." *Vidal v. Elster*, 602 U.S. 286, 292 (2024). "Mandating speech that a speaker would not otherwise make necessarily alters the content of the speech." *Riley v. Nat'l Fed'n of the Blind of N.C., Inc.*, 487 U.S. 781, 795 (1988). A content-based regulation is typically subject to strict scrutiny, or "presumptively unconstitutional and may be justified only if the government proves that [it is] narrowly tailored to serve compelling state interests." *Nat'l Inst. of Fam. & Life Advocs. v. Becerra*, 585 U.S. 755, 766 (2018).

However, not all content-based regulations are subject to strict scrutiny. "Laws regulating commercial speech are generally subject to a lesser standard than strict scrutiny." *NetChoice*, 113 F.4th at 1119; *accord X Corp.*, 116 F.4th at 900. "Commercial speech is 'usually defined as speech that does no more than propose a commercial transaction.'" *X Corp.*, 116 F.4th at 900 (quoting *United States v. United Foods, Inc.*, 533 U.S. 405, 409 (2001)). But this is "just a starting point." *Id.* Courts "try to give effect to a common-sense distinction between commercial speech and other varieties of speech." *Id.* (internal quotation marks omitted). This is a "fact-driven" analysis, "due to the inherent difficulty of drawing bright lines that will clearly cabin commercial speech in a distinct category." *Id.* Given this difficulty, "in close cases," courts consider the three factors outlined by the Supreme Court in *Bolger v. Youngs Drug Products Corporation*, 463 U.S. 60 (1983), to determine if speech is commercial. *NetChoice*, 113 F.4th at 1119. The *Bolger* factors weigh in favor of characterizing speech as commercial where (1) "the speech is an advertisement," (2) "the speech refers to a particular product," and (3) "the speaker has an economic motivation." *Hunt v. City of Los Angeles*, 638 F.3d 703, 715 (9th Cir. 2011). While these factors are "important guideposts, . . . they are not dispositive." *Ariix, LLC v. NutriSearch Corp.*, 985 F.3d 1107, 1116 (9th Cir. 2021).

Generally, commercial speech receives intermediate scrutiny. *X Corp.*, 116 F.4th at 900; *NetChoice*, 114 F.4th at 1119. In such cases, courts ask, "whether the asserted governmental interest is substantial," "whether the regulation directly advances the governmental interest asserted," and "whether [the law] is not more extensive than is necessary to serve that interest." *NetChoice*, 114 F.4th at 1119 (quoting *Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n of N.Y.*, 447 U.S. 556, 566 (1980)). However, there is an exception for commercial speech that is "purely factual and uncontroversial," which is subject to rational basis review.

X Corp., 116 F.4th at 900; *NetChoice*, 114 F.4th at 1119. Under *Zauderer v. Office of Disciplinary Counsel of the Supreme Court of Ohio*, 471 U.S. 626 (1985), "the government may compel truthful disclosure in commercial speech as long as the compelled disclosure is 'reasonably related' to a substantial governmental interest." *CTIA - The Wireless Ass'n v. City of Berkeley, Cal.*, 928 F.3d 832, 842 (9th Cir. 2019) (quoting *Zauderer*, 471 U.S. at 651).

Here, Plaintiffs assert that a facial challenge is appropriate. (*See* MSJ 6; Reply ISO MSJ 2; Pls. Suppl. Br 1.) They also argue that strict scrutiny applies because neither *Central Hudson*'s intermediate scrutiny nor *Zauderer*'s rational basis scrutiny applies. (*See* MSJ 14–19; Reply ISO MSJ 2–7.) Specifically, Plaintiffs contend that SBs 253 and 261 do not regulate commercial speech and the regulated speech is not purely factual and uncontroversial. (*See* MSJ 14–19; Reply ISO MSJ 2–7.) In any event, Plaintiffs contend that SBs 253 and 261 fail any degree of First Amendment scrutiny. (*See* MSJ 19–20; Reply ISO MSJ 8–10.)

The State disputes each of these assertions and urges the Court to outright deny Plaintiffs' Motion for Summary Judgment. (*See* Opp'n MSJ.) Alternatively, the State moves to deny or defer Plaintiffs' Motion for Summary Judgment because no discovery has occurred, and it has identified "three issues where, if the Court decides they are relevant in resolving the motion," the State requires discovery. (Rule 56(d) Mot. 2.) These issues are the (1) SBs 253's and 261's financial and administrative burden, (2) controversial nature of the speech SBs 253 and 261 regulate, and (3) "existence of out-of-state entities that are covered by SB[s] 253 and 261, but only engage in a single transaction within California." (*Id.* at 2, 10.) Plaintiffs counter that none of this "discovery is material to the merits" of their facial constitutional challenge. (Opp'n Rule 56(d) Mot. 2.)

The Court finds that Plaintiffs' constitutional challenge does not present "only pure questions of law." (Opp'n Rule 56(d) Mot. 1.) Indeed, Plaintiffs chose to litigate this case as a facial challenge, "and that decision comes at a cost." *Moody*, 144 S. Ct.

at 2397. In the first instance, the Court must "determine what [the law] covers." *Id.* at 2398 (alteration in original). On their face, SBs 253 and 261 appear to apply to all companies that meet the relevant revenue thresholds that do "business in California." Cal. Health & Safety Code §§ 38532(b)(2), 38533(a)(4). But the Court must also "decide which of the laws' applications violate the First Amendment," and "measure the constitutional against the unconstitutional applications." *Moody*, 144 S. Ct. at 2398.

On the present record—before any discovery has taken place—the Court is unable to complete this "fact-driven" task. *X Corp.*, 116 F.4th at 900. For example, for purposes of Plaintiffs' summary judgment motion, Plaintiffs admit that California's legislature "designed" the bills "to, in part, prevent companies from making potential misleading statements." (Pls. Resp. Defs.' Additional Material Facts ("Pls. Resp. DAMF") 130, ECF No. 59-1.) Plaintiffs further admit that "[m]any companies advertise their business as 'green' or emissions conscious" and that their "own member companies have advertised themselves as adhering to 'net zero' emissions goals." (*Id.* ¶¶ 128–29.) Moreover, the purpose of this advertising is to "influence . . . consumer behavior." (*Id.* ¶ 163.)

These facts may support that at least two of the three *Bolger* factors (i.e., advertisement and economic motivation) favor a finding that SBs 253 and 261 regulate commercial speech and therefore less than strict scrutiny applies. *See Stutzman v. Armstrong*, No. 2:13-CV-00116-MCE-KJN, 2013 WL 4853333, at *18 (E.D. Cal. Sept. 10, 2013) (finding two of three *Bolger* factors support characterization of commercial speech); *cf. Dex Media W., Inc. v. City of Seattle*, 696 F.3d 952, 959 (9th Cir. 2012) (not commercial speech where object of regulation "does not fulfill two of the three Bolger factors").

But they also may not. To determine which level of scrutiny to apply, the Court needs a record on whether SBs 253 and 261 regulate a substantial number of companies that do not make potentially misleading environmental claims. For example, if ninety-nine percent of the regulated companies have made advertisements relevant to SBs 253's and 261's required disclosures, that may support a finding that SBs 253 and 261 are appropriately tailored to the State's aims under at least rational basis review. This becomes less likely if, for example, a handful of the regulated companies make such advertisements.

Moreover, contrary to Plaintiffs' contention, it is indeed relevant to SB 253's and 261's purported overinclusiveness whether there exists a company that "engages in a single transaction within the State, wholly unconnected to climate-related risks," and must comply with SBs 253 and 261. (Opp'n Rule 56(d) (quoting MSJ 8–9.)) The absence of real-world examples of SB 253's and 261's overinclusvieness directly impacts whether SB 253 and 261 are appropriately tailored to the State's aims.

C. Requirements of Rule 56(d)

Plaintiffs urge the Court to strike the State's motion deny or defer Plaintiffs' MSJ because its support declaration does not comply with Rule 56(d). (*See* Opp'n Rule 56(d) Mot.) But the State has "show[n] by affidavit or declaration that, for specified reasons, it cannot present facts essential to justify its opposition." Fed R. Civ. P. 56(d). The State identifies "three categories of specific facts," and explains the specific facts it is "unable to present . . . because discovery has not opened." (Decl. Caitlan McLoon ISO Rule 56(d) Mot. ¶¶ 2, 5, ECF No. 57-2.) These are not "bare assertion[s]," (Opp'n Rule 56(d) Mot. 10), and thus are sufficient to comply with Rule 56(d)'s requirements. In any event, even if the State's Rule 56(d) motion was deficient, the Court finds that there are genuine disputes of material fact that preclude it from granting summary judgment at this stage.

Plaintiffs raise concerns that the State will use "improper tactic[s]" and take an "abusive approach" to discovery in this case. (Opp'n Rule 56(d) Mot. 1.) To be clear, at this time, the Court does not rule on whether the State is entitled to specific discovery. The Court simply rules that further development of the facts are needed for it to evaluate Plaintiffs' Motion for Summary Judgment. If the State takes an abusive approach to discovery, Plaintiffs may pursue appropriate measures, as may any party in any litigation. *See, e.g.*, Fed. R. Civ. P. 26.

V. CONCLUSION

For the reasons discussed above, the Court **GRANTS** the State's Motion to Defer or Deny Plaintiffs' Motion for Summary Judgment on Claim I, (ECF No. 57), and **DENIES** Plaintiffs' Motion for Summary Judgment on Claim I, (ECF No. 48), **WITH LEAVE TO RE-FILE**.

IT IS SO ORDERED.

November 5, 2024

OTIS D. WRIGHT, II
UNITED STATES DISTRICT JUDGE

Jodie Muller
President & CEO

February 9, 2026

California Corporate Greenhouse Gas (GHG) Reporting and Climate Related Financial Risk Disclosure Programs
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Uploaded to CARB comment portal
and submitted by email to:
climatedisclosure@arb.ca.gov

Re: WSPA Comments on the Proposed California Corporate Greenhouse Gas Reporting Program and Climate-Related Financial Risk Disclosure Program Initial Regulation

The Western States Petroleum Association (WSPA) appreciates the opportunity to comment on the California Air Resources Board's (CARB) Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation.[1] WSPA is a non-profit trade association that represents companies that safely explore for, produce, refine, transport and market petroleum, petroleum products, natural gas and other energy supplies in California, Washington, Oregon, Nevada, and Arizona.

WSPA reminds CARB that the U.S. Chamber of Commerce and other organizations have filed a federal lawsuit seeking to have California's Corporate Greenhouse Gas Reporting Act (SB 253) and Climate-Related Financial Risk Disclosure Act (SB 261) declared unconstitutional.[2] WSPA supports this legal challenge and maintains that these laws should be invalidated and their enforcement enjoined. As of November 18, 2025, the enforcement of SB 261 has already been enjoined pending appeal, and during oral argument on January 9, 2026, the United States Court of Appeals for the Ninth Circuit expressed concerns regarding the legality of certain aspects of *both* laws. Accordingly, CARB should defer any further actions to implement these laws pending final resolution of ongoing legal challenges, given the significant remaining uncertainty regarding the legality of such actions.

In the meantime, WSPA submits the following comments regarding the proposed initial regulation.[3]

1. CARB should preserve flexibility for reporting entities to address data availability challenges for the initial SB 253 report.

The deadline for reporting entities to submit their initial SB 253 report is August 10, 2026. CARB is proposing to establish a February 1 cutoff date to determine which fiscal year's data entities must submit for the initial report, with entities whose fiscal year ends on or before February 1, 2026 reporting data from their fiscal year ending in 2026, and entities whose fiscal year ends after that date reporting their 2025 data. WSPA urges CARB not to adopt this mandatory cutoff date.

Setting a mandatory cutoff date fails to account for data availability challenges for many complex organizations and diverges from the optional approach described in CARB's November 2025 public

[1] CARB, Proposed SB 253 Regulation Text A-1; available at: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/sb253-261/reg%20text.pdf. Accessed January 2026.
[2] *See Chamber of Commerce of the United States of America v. Randolph*, No. 2:24-cv-00801 (C.D. Cal.).
[3] Nothing in this submission should be considered an admission of lawfulness on the part of WSPA or its members. WSPA and its members reserve the right to challenge the underlying statutes or implementing regulations as unconstitutional or otherwise unlawful.

workshop.[4] As WSPA has previously explained,[5] data from the prior fiscal year is generally not available for external reporting until the third or fourth quarter of the following year, particularly for complex organizations with multiple business units, international operations, or reliance on third-party data providers. For these entities, developing a complete and reliable GHG inventory often requires more than six months, making it impractical to finalize and disclose GHG reporting for SB 253 within the timeline implied by a mandatory "applicable preceding fiscal year" requirement for reporting in 2026.

Instead, WSPA urges CARB to incorporate a data availability provision for the first reporting year. This approach would provide entities with the flexibility necessary to ensure accurate, complete, and meaningful disclosures.

2. WSPA strongly supports retaining optionality for entities to select boundary approaches for reporting.

WSPA maintains its position, elaborated in previous comment letters,[6,7] that CARB should retain flexibility for entities to select one of the three boundary approaches defined by the GHG Protocol: equity share, financial control, or operational control.[8] Allowing reporting entities to select an approach that aligns with existing sustainability and investor reporting practices, including established regulatory frameworks or industry best practices (e.g., the U.S. Environmental Protection Agency's GHG emissions reporting program and sustainability reporting guidance for the oil and gas industry released by Ipieca, the American Petroleum Institute, and the International Association of Oil and Gas Producers), and would mitigate confusion arising from inconsistent presentations of reporting data and enhance the usefulness of reported information by recognizing diverse corporate structures.

Additionally, although CARB has clarified that it will not enforce SB 261 reporting requirements,[9] the agency previously confirmed that entities will have flexibility in selecting a climate disclosure framework under SB 261. For example, entities reporting in alignment with the 2017 Task Force on Climate-Related Financial Disclosures (TCFD) recommendations may use any of the three GHG Protocol organizational boundary approaches. Therefore, limiting flexibility in selecting the GHG emissions reporting boundary under SB 253 could cause disclosures under SB 253 and SB 261 to become misaligned, resulting in information that is not coherent or useful for decision-making. Mandating a reporting boundary for SB 253 while allowing flexibility under SB 261 would also undermine CARB's goal of reducing confusion and streamlining compliance where possible.

In sum, CARB should explicitly authorize reporting entities, in this and any subsequent regulations, to select the GHG emissions disclosure boundary approach most appropriate for their respective operations and disclosures.

3. CARB should revise its proposed recordkeeping requirements to limit burdens on reporting entities meeting an appropriate threshold of "doing business in California."

[4] *See* CARB SB 253/261/219 Public Workshop: Update on California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs. November 2025; recording available at: youtube.com/watch?v=h979MRn7JfE&feature=youtu.be and slides available at: https://ww2.arb.ca.gov/sites/default/files/classic/SB%20253%20261%20Nov%20Workshop%20slides%20%28Updated%29.pdf.

[5] *See* WSPA Comments on the Information Solicitation to Inform Implementation of California Climate Disclosure Legislation: Senate Bills 253 and 261. March 21, 2025; available at: https://ww2.arb.ca.gov/system/files/webform/public_comments/22731/WSPA%20SB%20253%20and%20261%20Climate%20Disclosure%20Information%20Solicitation%20Letter%203-21-2025.pdf.

[6] *Ibid*.

[7] *See* WSPA Comments on Draft Reporting Template for Scopes 1 and 2 GHG Emissions. October 27, 2025; available at: https://ww2.arb.ca.gov/system/files/webform/public_comments/53876/wspa-sb-253-draft-reporting-template-comments-with-citations-10-27-2025.pdf.

[8] *See* U.S. EPA, Scopes 1 and 2 Emissions Inventorying and Guidance; available at: https://www.epa.gov/climateleadership/determine-organizational-boundaries. Accessed January 2026.

[9] *See* CARB, Enforcement Advisory Climate-Related Financial Risk Reporting (SB 261). December 1, 2025; available at: https://ww2.arb.ca.gov/sites/default/files/2025-12/Dec%201%20SB%20261%20Enforcement%20Advisory.pdf.

CARB's proposal includes a data retention provision requiring entities subject to the regulation to maintain records demonstrating that they "meet the revenue and doing business in California thresholds."[10] This self-certification requirement is inconsistent with CARB's stated rationale of using publicly available and verifiable information to determine applicability. Reporting entities should not bear the additional burden of justifying their inclusion or providing proprietary business information beyond what is necessary for compliance.

In addition, CARB's proposal states that entities must provide these records to CARB if requested, without clarifying the circumstances in which this information may be requested. If CARB maintains the proposed data retention requirements, then, at a minimum, CARB should clearly define the circumstances under which records can be requested. WSPA also continues to urge CARB to develop clear guidance on how it will manage and use data provided by entities while protecting proprietary and confidential information. Clear guidance will help define data requirements, prevent the submission of extraneous information, mitigate proprietary data leakage risks, and reduce unnecessary administrative costs for both CARB and reporting entities.

CARB should also reconsider its proposed definition of "doing business in California." The proposed definition imposes grossly disproportionate compliance requirements by implicating global operational data for companies that may have only a fraction of their business operations and income in California. To address these outsized burdens, WSPA recommends the following revisions:

- For domestic entities that meet the global revenue threshold but are not organized or commercially domiciled in California, WSPA recommends that an entity be considered within the scope of the regulation only if it: (1) meets the sales threshold in Revenue and Taxation Code (RTC) § 23101(b)(2); (2) reports more than $200 million in California-allocated/apportioned business income, adjusted annually for inflation; and (3) is registered to do business in California with the Secretary of State pursuant to General Corporation Law § 191.
- For unitary filers not commercially domiciled in California and with no California sales in excess of the amount in Section 23101(b)(2) – but who have allocated California sales due to their subsidiaries' operations – WSPA proposes revising the second sentence of Section 96072(a)(8) of the proposed regulation as follows: "For this section, 'taxpayer' in subsection 23101(b) is substituted with the term 'entity,' and to determine an entity's sales in California under Revenue and Taxation Code § 23101(b)(2), the sales of a subsidiary are not attributed to its parent notwithstanding any unitary tax return filed by them, and wholesale electricity sales are excluded."

4. CARB's Scope 1 and 2 reporting template should remain optional, and entities should be permitted to submit verified emissions data from their own reports.

WSPA strongly encourages CARB to retain flexibility for reporting entities to rely on reporting mechanisms other than CARB's Scope 1 and 2 reporting template.[11] Mandating the template's use would impose unnecessary administrative burdens, leading to inconsistent or confusing reporting that is unhelpful to stakeholders. As WSPA has previously explained,[12] the template is overly complex, which risks over-collection of information, including confidential business data, without providing decision-useful information as intended by statute.

To address these issues, CARB should confirm that entities that develop their own GHG or sustainability reports that include verified Scope 1 and 2 emissions data would be permitted to submit the relevant emissions data from these reports in lieu of using the standard template. This approach provides flexibility

[10] CARB, Proposed SB 253 Regulation Text A-1; available at: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2025/sb253-261/reg%20text.pdf. Accessed January 2026.

[11] See CARB "Draft Scope 1 and 2 GHG Reporting Template." October 10, 2025; available at: https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/resources.

[12] *See* WSPA Comments on Draft Reporting Template for Scopes 1 and 2 GHG Emissions. October 27, 2025.

for entities to align reporting with existing internal processes, third-party verification, and other regulatory or investor reporting practices, while maintaining data transparency and compliance with SB 253. Critically, this approach should not require the submission of the entire company-developed report, but only the specific, relevant verified emissions data.

WSPA urges CARB to clarify in the regulation that the template is optional for all reporting years, allowing entities to submit company-prepared reports with verified Scope 1 and 2 emissions data without being forced to use CARB's template.

5. **CARB should ensure that any more granular emissions disclosures beyond the aggregated Scope 1 and 2 GHG totals remain optional and are not subject to separate third-party verification.**

In addition to retaining flexibility for reporting entities to rely on reporting mechanisms other than CARB's Scope 1 and 2 reporting template,[13] CARB should limit mandated reporting information to aggregated totals of Scope 1 or Scope 2 emissions. As WSPA explained in our previous letter,[14] any disclosure of more granular Scope 1 and Scope 2 data should be optional and should not be subject to separate third-party verification. Mandating disaggregated reporting would unnecessarily complicate the implementation of SB 253 without providing additional decision-useful information.

CARB's draft reporting template introduces unnecessary complexity by requiring Scope 1 and Scope 2 emissions to be disaggregated by both source and individual GHG species, with no meaningful difference or benefit to shareholders beyond aggregated emissions disclosure. This complexity is compounded by inherent differences between source categories for Scope 1 and Scope 2 emissions. For example, the template requests Scope 1 emissions by stationary, mobile, process, and fugitive sources, while it requests Scope 2 emissions by electricity, heating, steam, and cooling sources. These disparities in emissions sources increase reporting burdens and reduce the clarity of the reported data, making it more difficult for stakeholders to interpret.

By ensuring that any additional reporting beyond aggregated Scope 1 and 2 GHG emissions remains *optional*, regardless of whether an entity uses CARB's reporting template, CARB would better achieve its stated commitment to an effective, efficient, and streamlined implementation of SB 253. WSPA encourages CARB to clarify that such additional reporting is optional in the regulation for both 2026 and future years to avoid potential compliance ambiguity, consistent with CARB's regulatory approach in the Frequently Asked Questions (FAQ) Regarding California Climate Disclosure Requirements.[15]

6. **CARB should confirm that it will not enforce limited assurance requirements for initial reports and will support flexibility and efficiency in the verification process.**

WSPA requests that CARB modify the regulatory text to explicitly waive all assurance requirements for the first SB 253 report due in 2026, even for entities that have previously obtained third-party verification for Scope 1 and 2 emissions under a different voluntary or regulatory reporting framework. While CARB has provided guidance on enforcement discretion in its FAQ, the current regulatory text does not reflect this waiver. To avoid confusion and regulatory uncertainty, CARB should explicitly state that it will exercise enforcement discretion for the 2026 submission of Scope 1 and 2 emissions for any entity not receiving limited assurance under California's specific requirements, regardless of whether that entity has already obtained assurance on its collected data.

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[13] *Ibid*.
[14] *See* WSPA comments on Draft SB 253 Scope 1 & 2 Reporting Template. October 27, 2025.
[15] *See* CARB, California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs: Frequently Asked Questions About Regulatory Development and Initial Reports, Question 21. Updated November 17, 2025; available at: https://ww2.arb.ca.gov/sites/default/files/classic/FAQs%20Regarding%20California%20Climate%20Disclosure%20Requirements_Nov.pdf.

Additionally, CARB should maintain flexibility for reporting entities to use applicable GHG emissions reporting standards to accommodate diverse organizational structures and global compliance obligations. For example, CARB should clearly authorize the use of current versions of existing protocols like the International Organization for Standardization (ISO) 14060 family (e.g., ISO 14064-3:2019 standard) and International Standard on Sustainability Assurance (ISSA) 5000 for assurance purposes. Such protocols are widely used in the United States and provide an internationally recognized framework for Scope 1 and Scope 2 GHG emissions verification. To support process efficiency and avoid unnecessary administrative burden, CARB should not require application of the Mandatory Reporting Regulation verification process, as doing so would impose an excessive administrative and capital burden on a program that lacks the financial underpinnings of a Cap-and-Invest program.

While SB 253 and SB 261 do not create a private cause of action, compliance with CARB's regulation will likely increase liability risks under other legal theories. These risks include unfounded claims of greenwashing, consumer fraud, and/or human rights claims stemming from mandated disclosure in areas where data is often based on assumptions and is difficult to meaningfully quantify. As such, WSPA strongly urges CARB to include language limiting liability for reported information under any statute or other cause of action.

7. CARB should allow parent companies to make a single combined fee payment for their subsidiaries and not assess fees for parent-company entities that are not directly subject to the regulation.

CARB's November workshop presentation[16] indicates that a parent company may submit a single combined payment to cover all fees for its subsidiaries. However, this fee payment option is not reflected in the proposed regulatory text. To reduce administrative burdens and enhance clarity, CARB should revise the proposed Section 96074 to explicitly allow parent companies to make one combined payment for multiple subsidiaries, consistent with its workshop presentation.

Additionally, the proposed regulatory text should clarify that annual fees apply only to reporting entities subject to the regulation. Parent entities that are not directly subject to the regulation but report on behalf of their subsidiaries under the consolidated fee payment option should not be assessed a separate, additional annual fee.

8. The proposed regulation should remove all definitions and requirements related to SB 261.

On November 18, 2025, the U.S. Court of Appeals for the Ninth Circuit granted an injunction pending appeal against the enforcement of SB 261.[17] In response, CARB issued an Enforcement Advisory on December 1, 2025, stating that it will not enforce SB 261 reporting requirements.[18] Nevertheless, the proposed regulation includes SB 261-related provisions, including definitions and fee requirements. Retaining these provisions creates unnecessary confusion and is facially inconsistent with the court's order enjoining CARB from "applying or taking any action to enforce" SB 261. Accordingly, WSPA urges CARB to remove all SB 261-related definitions and requirements from the proposed regulatory text.

9. The definition of "Required Revenue" should not include legal defense fees.

Section 96072(a)(12) of the proposed regulation defines "Required Revenue" as "the total amount of funds necessary to recover the costs of implementation or expenditures under the programs established

[16] *See* CARB, SB 253/261/219 Public Workshop: Update on California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs, Slide 16. November 18, 2025; available at: https://ww2.arb.ca.gov/sites/default/files/classic/SB%20253%20261%20Nov%20Workshop%20slides%20%28Updated%29.pdf.
[17] *U.S. Chamber of Commerce v. Sanchez,* Case No. 25-5327 (9th Cir.).
[18] *See* CARB, Enforcement Advisory Climate-Related Financial Risk Reporting (SB 261). December 1, 2025; available at: https://ww2.arb.ca.gov/sites/default/files/2025-12/Dec%201%20SB%20261%20Enforcement%20Advisory.pdf.

by HSC §§ 38532 or 38533, respectively, for each fiscal year, based on the number of personnel positions, including salaries and benefits, contracting costs, and all other costs, ***including legal defense of this article***, as approved in the California Budget Act for that fiscal year." (emphasis added). The inclusion of such legal defense fees is an improper barrier to the exercise of First Amendment rights to petition the government, which includes filing lawsuits to challenge unconstitutional laws. It further violates due process rights by imposing an unconstitutional penalty for accessing the court system. This provision must be removed from the proposed definition.

Thank you for CARB's ongoing engagement with stakeholders, and for considering our comments.

Sincerely,

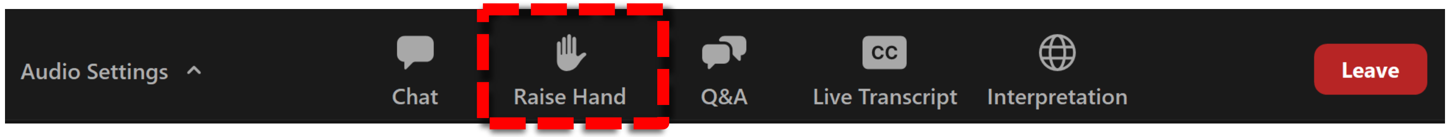
Jodie Muller
President & CEO

SB 253/261/219 Public Workshop: Update on California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs

NOVEMBER 18, 2025

Workshop Logistics

- Workshop Materials link: https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/climate-disclosure-meetings-and-workshops
- Zoom Orientation:
  - Raise Hand
  - Zoom phone participants may dial #2 to “Raise your Hand”
  - The facilitator will inform Zoom phone participants when they are unmuted during Public Comment
  - Dial *6 to mute or unmute



Agenda

1. Welcome and Program Background
2. Overview of Initial Regulation (Fee and Scope 1 & 2 2026 Reporting Deadline)
3. Proposed Definitions and Exemptions/Exclusions
4. Climate-Related Financial Risk Reports & Upcoming Deadlines
5. Public Feedback

Two Decades of State Climate Action

Climate Legislation

- Landmark climate legislation: Assembly Bill 32, 1990 levels by 2020
- 2030 target: 40% GHG reduction below 1990 levels (SB 32)
- 2045 target: Carbon neutrality, 85% GHG reduction below 1990 levels (AB 1279)

Existing CARB efforts to reduce GHG emission

- Cap-and-Invest
- Low Carbon Fuel Standard (LCFS)
- Mobile source regulations

Existing CARB GHG reporting

- Mandatory Greenhouse Gas Reporting Regulation (MRR)
  - Scope 1 emissions reporting from large emitters
- Low Carbon Fuel Standard (LCFS)
  - Scope 1 and Scope 2 emissions reporting for fuels producers

Overview of Relevant Legislation

- California Climate Disclosure Laws: SB 253, 261, 219 (Health & Safety Code (HSC) §§ 38532 and 38533) – “the 200s”
  - Improve transparency on corporate climate-related risks and emissions
  - Inform consumers and investors of climate-related business considerations

SB 253 and SB 261 Overview

	SB 253	SB 261
Requirements	• Greenhouse gas disclosure	• Climate risk reporting
Applies To	• U.S.-based entities • Doing business in California • >$1 billion in annual revenue	• U.S.-based entities • Doing business in California • >$500 million in annual revenue
Deadlines	• Scope 1 and Scope 2 in 2026 • Scope 1, 2 and 3 in 2027+	• Post on company website by January 1, 2026 • Biennial thereafter
Alignments Allowed	• GHG Protocol	• TCFD 2017 (or subsequent iterations) • ISSB Standards (IFRS S2) • Required by a government (US or other) or exchange- HSC § 38533(b)(3)(A)

Public Process to Date

December 2024	May 2025	July 2025	August 2025	September 2025	October 2025	November 2025
• Enforcement notice • Information solicitation	• First public workshop	• First FAQ	• Second public workshop	• SB 261 checklist • Preliminary list of covered/reporting entities • Voluntary survey	• Draft Scope 1 & Scope 2 reporting template	• Third public workshop • Updated FAQ and SB 261 checklist

- CARB’s latest guidance regarding both SB 253 and SB 261 compliance is available now on CARB’s website

Initial Regulation: Fees & 2026 Reporting Deadline

SB 253/261 (HSC §§ 38532/38533)

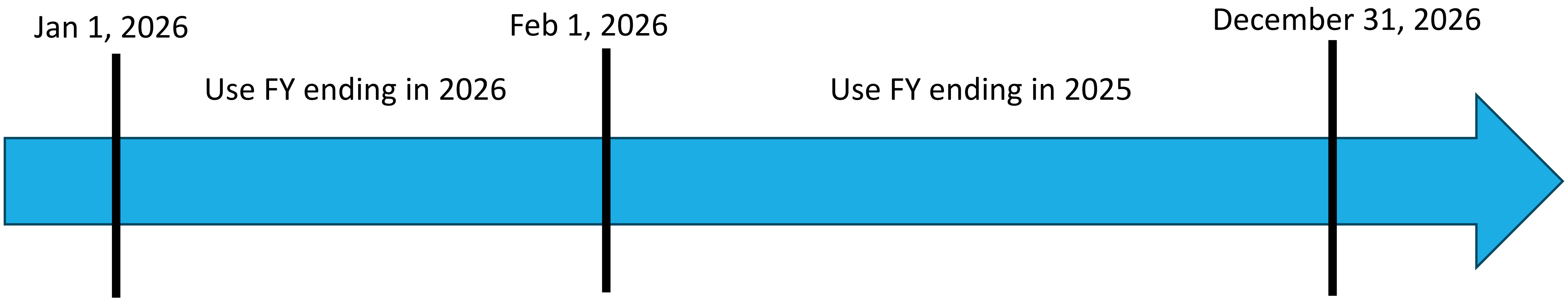
Initial Regulation Overview

- Initial regulation will establish:
  - A first-year only reporting deadline for SB 253
  - Administration fee calculation, collection and penalties

Initial Regulation: 2026 Reporting Deadline

Initial Regulation: SB 253 First-year Only Reporting Deadline

- Based on stakeholder feedback, Staff is proposing a first year Scope 1 and Scope 2 emissions reporting deadline of August 10, 2026
  - If the reporting entity's fiscal year ends between January 1 and February 1, 2026, the entity will report data from the fiscal year ending in 2026.
  - If the reporting entity's fiscal year ends between February 2 and December 31, 2026, the entity will report data from the fiscal year ending in 2025.
  - Each entity will have at least 6 months after end of their fiscal year to submit their report.



Supporting SB 253 Compliance

- In December 2024, staff clarified in the Enforcement Notice that CARB will exercise its enforcement discretion for good-faith first-year submissions, aimed at supporting reporting entities actively working toward full compliance
- Common questions CARB has received:
  - Is use of the draft Scope 1-2 template required in 2026?
    - No. Use of the template is optional for 2026 reporting.
  - Can companies submit existing GHG reports that cover Scope 1 and Scope 2 emissions?
    - Yes. If a company develops its own annual report that includes information on Scope 1 and 2 emissions, that company may submit that report to CARB for 2026 reporting.
  - If a company was not collecting data or was not planning to collect data at the time the Enforcement Notice was issued, what should they do?
    - Entities that were not collecting data or were not planning to collect data, at the time the Enforcement Notice was issued, are not expected to submit Scope 1 and 2 reporting data in 2026.
    - Such entities should submit a statement on company letterhead to CARB, stating that they did not submit a report, and indicating that in accordance with the Enforcement Notice, the company was not collecting data or planning to collect data at the time the Notice was issued.
  - Is data assurance required for 2026 reporting?
    - For 2026 reporting, limited assurance is not required for data submission.

Initial Regulation: Fees

Initial Regulation: Fees

- The 200s authorize CARB to assess an annual fee for the implementation and administration of the new reporting programs. Companies subject to regulation will be assessed the fee.
- CARB has experience with this kind of structure through its AB 32 Cost of Implementation (COI) Fee Regulation.
- AB 32 COI Fee Regulation was adopted to support implementation of AB 32
- CARB introduced an initial concept on the fee provisions in the August public workshop.
- Staff has reviewed public feedback solicited from the comment period following the August workshop.

Initial Regulation: Fees (II)

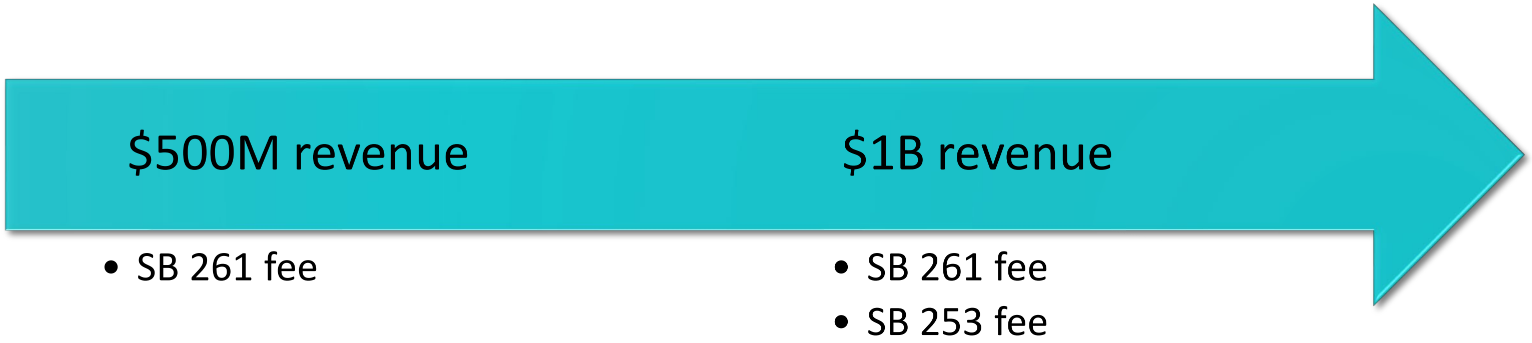
- Annual ongoing costs of implementing SB 253/261 programs: $13.9M
- CARB's program administration costs also include a one-time cost to set up the program: $20.7M, which was temporarily funded through a loan from the Greenhouse Gas Reduction Fund (GGRF) for Fiscal Year (FY) 24/25 and 25/26

Initial Regulation: Fees (III)

- Staff is still pursuing a “flat” fee structure to cover SB 253 and SB 261 implementation costs.
- Flat annual fee for each program calculated as: $\dfrac{\text{Annual Program Cost}}{\text{Number of Regulated Entities}}$
- CARB will issue fee invoices based on the number of that are required to report in 2026 under SB 253 and SB 261.
- Each covered subsidiary is still assessed its own fee. A parent company may pay all fees in one combined payment.
  - Example: If Company A has three in-scope subsidiaries (Companies B, C, and D), Company A may submit a single combined payment covering Companies A, B, C, and D.

Initial Regulation: Fees (IV)

- Entities with more than $500M and less than $1B in revenue pay only SB 261 fee annually
- Entities with more than $1B in revenue pay both SB 253 fee and SB 261 fee annually



Preliminary Number of Regulated Entities

- At the August workshop, CARB estimated the number of regulated entities using CA Secretary of State (CA-SoS) data and a proprietary dataset
- **Goal of the Preliminary List:** To help estimate approximate numbers of entities potentially subject to HSC §§ 38532 and 38533. *This list is not a compliance tool.* Each potentially regulated entity remains responsible for compliance.
- Stakeholder feedback raised several issues with the list, including duplicative entries and missing entries

Existing Data Concerns

Challenges and limitations remain, recognized by staff and emphasized in stakeholder feedback to the preliminary list:

- **Major holes:** There are several major companies missing from the CA-SoS list that certainly meet the eligibility thresholds for the 200s, including major household names that control significant market shares of high-emitting industries
- **Imprecise revenue estimates:** Concerns were raised about the accuracy of the revenue estimates from proprietary datasets underpinning the preliminary list, especially for unverifiable private company revenue estimates calculated by third-party data providers
- **Outdated information:** Proprietary datasets not updated annually, limiting usefulness for year-to-year comparisons needed to track companies moving in and out of revenue threshold

Future Data Considerations

- CARB must accurately identify all entities subject to the 200s on an annual basis for fee purposes, including revenue and doing business
- Publicly available data sources are insufficient for verifiable year-to-year assessments, creating implementation risks
- CA-SoS data downloads:
  - May be incomplete or outdated for needed time period of analysis
  - Do not include revenue information
  - Fail to provide information necessary for determining statutory exemptions (e.g., teleworkers)
  - Are not available in a user-friendly format requiring staff resources for processing

Corporate Tax Filings

- Tax filing data from Franchise Tax Board (FTB) contains the most up-to-date and verifiable data
- Entities filing with FTB will automatically meet revenue and doing business definitions proposed by staff in next section
- Accessing a subset of FTB data could provide a permanent solution that will greatly streamline data collection and verification and reduce program implementation costs

Entity Type	Tax Form	Total Revenue (Gross Receipts)	CA Sales ('Doing business')
Corporation	Form 100	Schedule F, Line 1a	Schedule R-1, Col(b)
S-Corporation	Form 100S	Schedule F, Line 1a	Schedule R-1, Col(b)
Partnership	Form 565	Line 1a	Schedule R-1, Col(b)
LLC	Form 568	Schedule B, Line 1a	Schedule R-1, Col(b)

Initial Regulation: Proposed Definitions

SB 253/261 (HSC §§ 38532/38533)

Revenue

- **California Revenue and Taxation Code (RTC) § 25120(f)(2)**: *The gross amounts realized (the sum of money and the fair market value of other property or services received) on the sale or exchange of property, the performance of services, or the use of property or capital (including rents, royalties, interest, and dividends) in a transaction that produces business income, in which the income, gain, or loss is recognized (or would be recognized if the transaction were in the United States) under the Internal Revenue Code, as applicable for purposes of this part. Amounts realized on the sale or exchange of property shall not be reduced by the cost of goods sold or the basis of property sold.*
- Gross receipts is verifiable on FTB tax filings
- To account for annual changes in revenue, applicability would be determined by the lesser of the entity’s two previous fiscal years of revenue

Doing Business in CA

- After reviewing public feedback, staff refined definition of “doing business in California” proposed during the August workshop
- Staff propose defining “doing business in California” using Revenue and Tax Code § 23101 for both SB 253 and SB 261
- Staff propose omitting Section 23101(b)(3-4) relating to property holdings and payroll
  - Regulated entities should have significant economic nexus within the state of California

Doing Business in CA (II)

RTC § 23101, omitting § 23101(b)(3)-(4)

§ 23101(a): “Doing business” means actively engaging in any transaction for the purpose of financial or pecuniary gain or profit.

§ 23101(b): An entity is doing business in California if the entity is doing business (as defined in section 23101(a)), and any of the following conditions is met during any part of a reporting year:

(1) The entity is organized or commercially domiciled in this state.

(2) Sales, as defined in The Revenue and Taxation Code subdivision (e) or (f) of Section 25120 as applicable for the reporting year, of the entity in this state exceed the inflation adjusted thresholds of seven hundred thirty-five thousand and nineteen ($735,019) (2024). For purposes of this paragraph, sales of the entity include sales by an agent or independent contractor of the entity. For purposes of this paragraph, sales in this state shall be determined using the rules for assigning sales under Sections 25135 and 25136, and the regulations thereunder, as modified by regulations under Section 25137.

Parent-subsidiary

- A business entity is a subsidiary if another business entity has ownership interest in or control of the first entity by **direct corporate association** as defined by Title 17, California Code of Regulations, § 95833
  - A business entity is a parent if it has at least one subsidiary
  - The above definition aligns with CARB's Cap-and-Invest program definition
- A subsidiary may request for a parent to report on the subsidiary’s behalf
- Parent-subsidiary relationships **do not** determine which entities are regulated

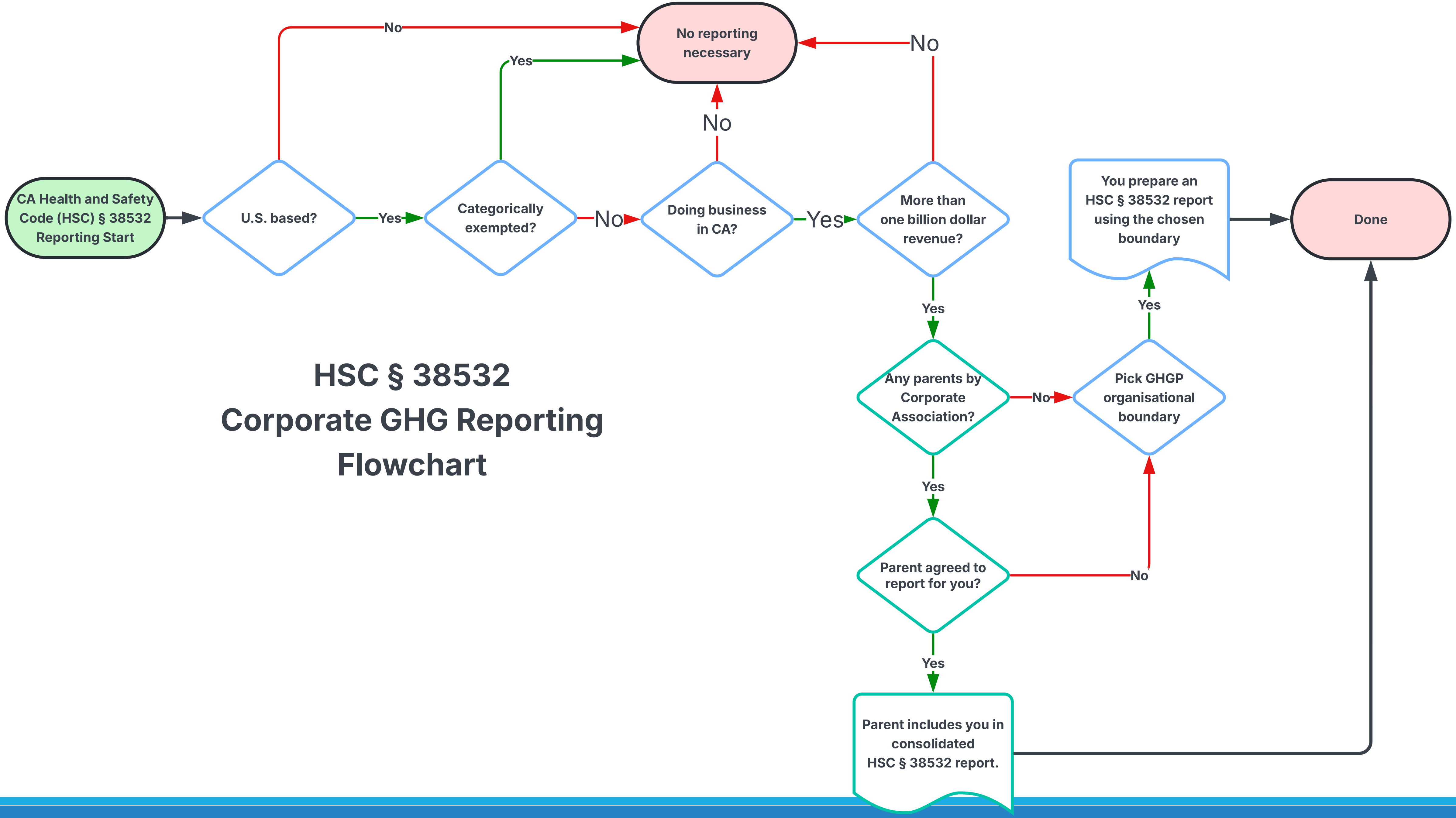
Direct Corporate Association

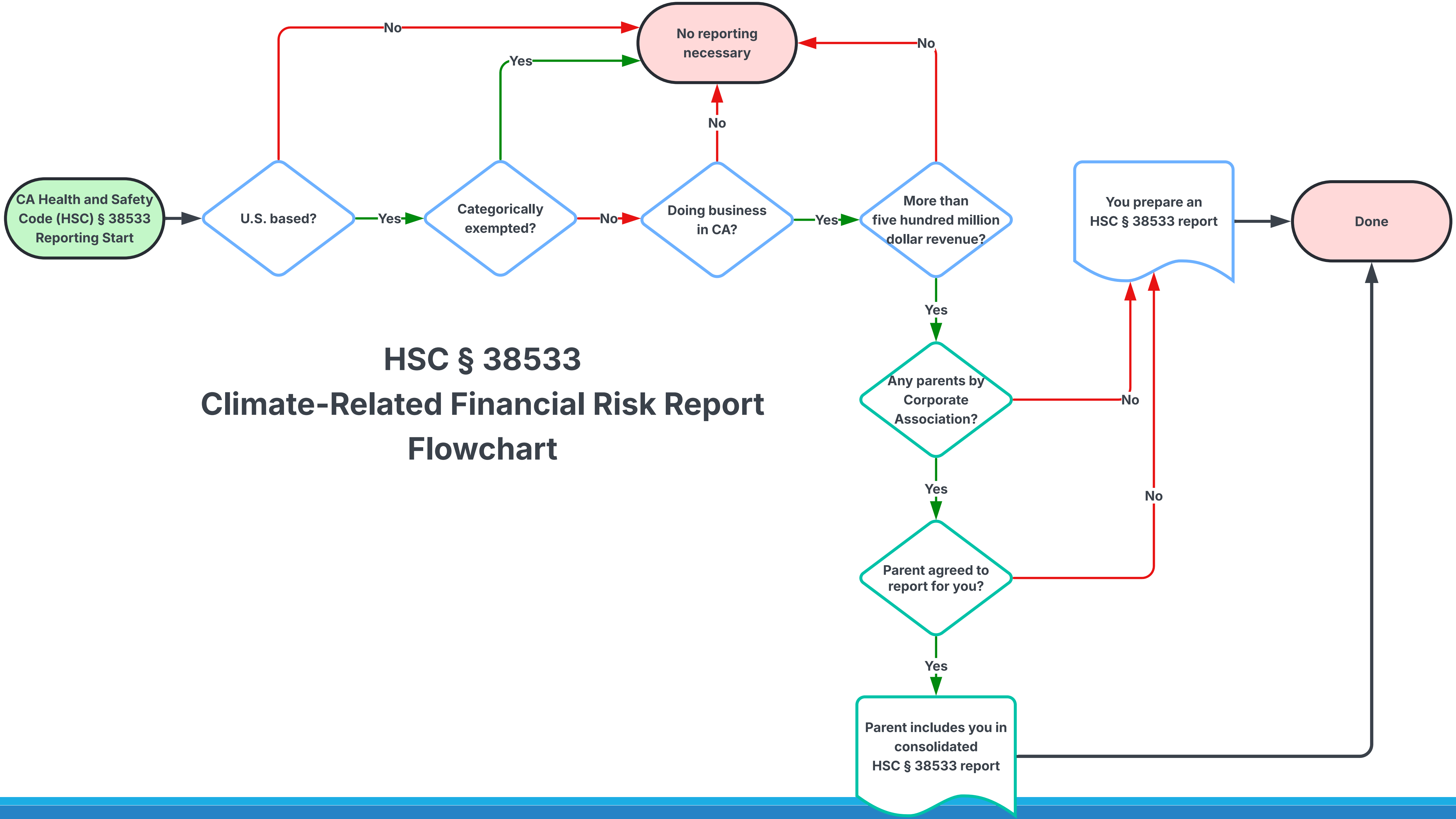
- Per Cal. Code Regs. Tit. 17, § 95833: *A corporate association exists when one entity has an ownership interest in or control over a second entity. The following indicia of control determine ownership or control:*
  - Greater than 50 percent of ownership of any class of listed shares, the right to acquire such shares, or any option to purchase such shares of the other entity;
  - Greater than 50 percent of common owners, directors, or officers of the other entity;
  - Greater than 50 percent of the voting power of the other entity;
  - In the case of a partnership other than a limited partnership, greater than 50 percent of the interests of the partnership;
  - In the case of a limited partnership, greater than 50 percent of control over the general partner or greater than 50 percent of the voting rights to select the general partner; and
  - In the case of a limited liability corporation, greater than 50 percent of ownership in the other entity regardless of how the interest is held.
- *A direct corporate association also exists when two entities are connected through a line of more than one direct corporate association.*

Parent-Subsidiary Example

- Question: If a U.S.-based parent entity has a subsidiary doing business in California, is that U.S.- based parent entity automatically deemed to be doing business in California?
- Answer: Inclusion criteria should be assessed on an individual company basis. If a company meets the inclusion criteria thresholds, then it is subject to the applicable requirements of HSC §§ 38532 and/or 38533. Both the subsidiary and the U.S.-based parent company assess their own compliance obligations based on the criteria outlined in statute and the proposed definitions provided.

HSC § 38532 Corporate GHG Reporting Flowchart





HSC § 38533 Climate-Related Financial Risk Report Flowchart

Exclusions and Proposed Exemptions

Health and Safety Code section 38533 as written excludes business entities that are subject to regulation by the Department of Insurance in this state, or that is in the business of insurance in any other state. Staff proposes to extend that exclusion to compliance under section 38532 as well.

Additionally, staff proposes that the requirements under Health and Safety Code sections 38532 and 38533 will not apply to:

- Federal, State and local government entities, and companies that are majority-owned by government entities (>50.00%);
- Non-profit* or charitable organizations that are tax-exempt under the Internal Revenue Code;
- Entities whose only business in California is the presence of teleworking employees; and
- A business entity whose only business within California consists of wholesale electricity transactions.

**CAISO is proposed to be exempted based on staff's proposal to exempt non-profit organizations. Based in part on the January 30, 2024 letter from the authors of SB 253 and 261 published in the Senate Daily Journal, a business entity whose only activity within California consists of wholesale electricity transactions will also be proposed by staff to be exempted from the requirements of HSC §§ 38532 and 38533.*

Summary

- CARB staff have detailed CARB's latest regulatory concepts to help entities identify whether they are within the scope of the regulation, and to provide any desired feedback
- CARB's published preliminary list of regulated entities offers a starting point, but companies should consider the updated proposed definitions in light of their organizational structure and FTB tax filings
- It is the **responsibility of entities** to review the updated proposed definitions and determine their obligations under the reporting programs
- CARB is focused on supporting compliance as the program begins

Climate-Related Financial Risk Reports

SB 261 (HSC § 38533)

SB 261 Reporting Deadline

- First reports are due on January 1, 2026, per statutory deadline
- Extended timeline for initial regulation does not impact first year reporting
- CARB will open a docket starting December 1, 2025, and will close it on July 1, 2026. Reports must be posted on company website by the statutory reporting deadline of January 1, 2026, and a link to that report must be submitted to the CARB docket by July 1, 2026

SB 261 Minimum Reporting Requirements

- Staff have posted a detailed SB 261 reporting checklist on its website that tracks SB 261's reporting requirements and deadlines
- Entities in the early stages of evaluating climate-related risks may begin by disclosing how these risks relate or may be relevant, even if no material risks have yet been identified or actions taken.
- Entities may include in their disclosures a description of gaps, limitations, and assumptions made as part of their assessment of climate-related issues.
- Entities may use one of several frameworks to meet disclosure requirements:
  - TCFD Final Report of Recommendations (2017) or subsequent iterations
  - International Financial Reporting Standards (IFRS) Disclosure Standards
  - A report developed in accordance with any regulated exchange, national government, or other governmental entity (see HSC § 38533(b)(3)(A) for details)

SB 261 Minimum Reporting Requirements (II)

- Each report submitted to CARB should:
  - Contain a statement on which reporting framework is being applied
  - Discuss which recommendations and disclosures have been compiled and which have not
  - Provide a short summary of the reasons why recommendations/disclosures have not been included as well as discussion of any plans for future disclosures
- Four overriding principles underpin climate related risk disclosures, informed by TCFD (2017) and IFRS S2:
  - Governance
  - Strategy
  - Risk Management
  - Metrics & Targets

Next Steps: Upcoming Deadlines

January 1, 2026

- SB 261 reports due

Q1 2026

- Initial Regulation board hearing

August 10, 2026

- Proposed due date for SB 253 Scope 1 and Scope 2 reports

September 10, 2026

- Proposed date for SB 253 and SB 261 fee assessment

Next Steps: Preview of 253 rulemaking

- Subsequent rulemaking for SB 253 will establish other program requirements, including but not limited to:
  - Data assurance requirements
  - Further enforcement provisions
  - Recurring reporting deadline beyond 2026
  - Reporting templates
- Public feedback on Scope 1 & 2 Reporting Draft Template:
  - Docket closed October 27th, 2025
  - > 100 public comments from businesses, trade associations, individuals, and NGOs
  - Main themes include organizational boundary flexibility, emissions intensity disclosures, assurance, emission reductions, gas vs. source disclosures, Scope 2 market- and location-based reporting
  - CARB is reviewing and evaluating stakeholder feedback to inform future drafts

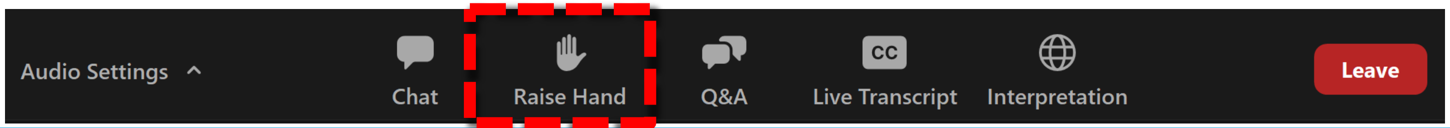
Next Steps: Scope 3 Reporting

	Upstream scope 3 emissions	Downstream scope 3 emissions
Scope 3 category	1. Purchased Goods and services 2. Capital goods 3. Fuel and energy-related activities (not included in scope 1 or scope 2) 4. Upstream transportation and distribution 5. Waste generated in operations 6. Business travel 7. Employee Commuting 8. Leased assets	9. Downstream transportation and distribution 10. Processing of sold products 11. Use of sold products 12. End of Life treatment of sold products 13. Leased assets 14. Franchises 15. Investments

CARB invites feedback on which of the 15 Scope 3 categories are most used by companies today and/or most helpful for investors and consumers.
Send suggestions to **climatedisclosure@arb.ca.gov** or contact CARB staff.

Feedback / Questions

1. Questions will be taken virtually through Zoom
2. Raise Hand
3. Zoom phone participants may dial #2 to "Raise your Hand"
4. The facilitator will inform Zoom phone participants when they are unmuted during Public Comment.
5. Dial *6 to mute or unmute.
6. Staff will make every effort to call on attendees in the order they raise the hand on Zoom



Continued Engagement

We value your feedback – stakeholder input is critical to shaping this program

Public docket will be open for the 45-day comment period associated with publication of the notice package for the initial rulemaking

Sign up with the listserv to stay engaged and be notified of future public workshops and updates:

- https://ww2.arb.ca.gov/our-work/programs/california-corporate-greenhouse-gas-ghg-reporting-and-climate-related-financial

Questions or Comments? Contact us at: ClimateDisclosure@arb.ca.gov

Tanya DeRivi
Senior Director, California Climate and Fuels

October 27, 2025

California Corporate Greenhouse Gas (GHG) Reporting
and Climate Related Financial Risk Disclosure Programs
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Uploaded to Public Comment Portal and submitted by email to: climatedisclosure@arb.ca.gov

Re: WSPA Comments on Draft Reporting Template for Scopes 1 and 2 GHG Emissions

The Western States Petroleum Association (WSPA) appreciates the opportunity to comment on the draft reporting template for Scope 1 and Scope 2 GHG emissions (Draft Reporting Template) issued by the California Air Resources Board (CARB or Agency) to implement the Climate Corporate Data Accountability Act (Senate Bill (SB) 253).

CARB published the Draft Reporting Template to assist covered entities with the submission of information.[1] While use of the template for the 2026 reporting cycle is voluntary,[2] WSPA believes that substantive changes and clarifications are needed to ensure it is minimally burdensome for covered entities to use. WSPA is a non-profit trade association representing companies that import and export, produce, refine, transport, and market petroleum, petroleum products, alternative fuels, natural gas, and other energy supplies in California and four other western states, and has actively participated in air quality planning issues for over 30 years.

WSPA notes that the U.S. Chamber of Commerce, along with other business organizations, has filed a federal lawsuit seeking to have SB 253 and the Climate-Related Financial Risk Act (SB 261) declared unconstitutional.[3] WSPA supports this legal challenge and maintains that these statutes should be invalidated and their enforcement enjoined. Accordingly, CARB should refrain from further implementation actions related to these laws and, at a minimum, defer any such actions until the pending litigation is fully resolved.

In the meantime, WSPA submits the following comments in response to the proposed Draft Reporting Template.[4]

1. The Draft Reporting Template is overly complex and may result in inconsistent and inaccurate reporting.

WSPA appreciates CARB's intent "to streamline reporting, especially for entities disclosing GHG emissions for the very first time."[5] However, there are concerns that use of the Draft Reporting Template, which contains nearly 200 spreadsheet rows,[6] is likely to result in over-reporting, impose undue administrative burdens, and compromise the accuracy and consistency of reported information. Rather than serving to facilitate reporting, the spreadsheet appears to collect an excessive volume of

[1] *See* CARB, *California Corporate Greenhouse Gas Reporting Program: Scope 1 and Scope 2 Emissions Draft Reporting Template* (Oct. 10, 2025), https://ww2.arb.ca.gov/sites/default/files/2025-10/Draft%20Memo_Scope1%262TemplatePublicRelease.pdf (hereinafter *CARB Memo*).
[2] *See* CARB, "Posted for Public Comment: Draft Reporting Template for Scope 1 and Scope 2 Greenhouse Gas Emissions Pursuant to Health and Safety Code § 38532" (Oct. 10, 2025), https://content.govdelivery.com/accounts/CARB/bulletins/3f5f953.
[3] *See Chamber of Com. of the U.S. v. Randolph*, No. 24-00801(C.D. Cal., Jan. 30, 2024).
[4] Nothing in this submission should be construed as an admission of the lawfulness of SB 253 or SB 261 by WSPA or its members. WSPA and its members reserve all rights to challenge the underlying statute or any implementing regulations as unconstitutional or otherwise unlawful.
[5] *See CARB Memo*, at 1.
[6] Unless otherwise indicated, all references to row numbers refer to the second tab of the Draft Reporting Template, titled "Form."

information, much of which exceeds the requirements of SB 253.[7] Although WSPA appreciates CARB's efforts to provide optionality for certain inputs, the inclusion of 97 "Optional Fields" risks creating compliance ambiguity, regardless of the good faith effort by covered entities to comply, and extends beyond the statutory scope of what is contemplated by the statute. Furthermore, some of the inputs are likely seeking confidential business information, which raises significant concerns in a highly competitive business environment.

Additionally, WSPA continues to encourage CARB to allow the use of third-party auditor statements as a sufficient means to report emissions, methodology, and key assumptions. Even though the Draft Reporting Template requires third-party verification only for total Scope 1 and Scope 2 emissions, WSPA requests explicit confirmation from CARB that more granular, disaggregated data reported for Scopes 1 and 2 emissions under the Draft Reporting Template are not subject to separate third-party verification requirements. WSPA urges CARB to confirm that third-party verification statement is limited to attesting to the total Scope 1 and Scope 2 emissions only.

Accordingly, WSPA recommends that CARB limit required disclosures to Scopes 1 and 2 emissions of the reporting entity, and permit disaggregated reporting only for material emission sources. To the extent CARB seeks any disaggregated reporting, such reporting should be restricted to GHGs only where an individual gas emissions are determined to bede minimis.[8] Alternatively, if CARB requires full disaggregation of GHG emissions, de minimis GHGs should be permitted to be grouped under a single "Other Gases" line item to maintain transparency without unnecessary complexity. Further, CARB should revise its treatment of de minimis sources (e.g., spreadsheet row 70) to allow qualitative references in lieu of requiring quantitative estimates. These changes would help reduce administrative reporting burdens and enhance the clarity and usability of reported information.

Finally, CARB should confirm that any data disclosed at a more granular level for Scope 1 and Scope 2 emissions, pursuant to the voluntary use of this draft form, will *not* be subject to separate third-party verification requirements.

2. The proposed definition of "materiality threshold" is vague and may lead to unnecessary over-reporting.

The Draft Reporting Template defines a materiality threshold as "a rule you set to decide which emission sources are so small (immaterial) that they do not need to be included in the inventory because their exclusion will not significantly affect the accuracy of the report." While WSPA appreciates CARB's efforts to provide guidance, this definition is overly vague. The Draft Reporting Template includes certain categories, such as on-site mobile sources, that covered entities would reasonably determine to be immaterial and therefore would not report. For example, WSPA recommends that CARB remove spreadsheet row 48, which states "Scope 1: Enter your total direct emissions from Mobile Combustion (in mtCO_2e)" given that portable internal combustion engines are excluded under the Mandatory GHG Reporting Regulation.

3. WSPA strongly supports optionality for the reporting of boundaries.

WSPA supports the flexibility offered under the GHG Protocol, which allows reporting entities to select their preferred reporting approach for boundaries and reporting standards. WSPA strongly recommends that CARB retain flexibility by allowing entities to select from any of the three boundary approaches defined by the GHG Protocol: equity share, financial control, or operational control. Allowing reporting entities to align with established sustainability and investor reporting practices, including industry best practices (e.g., sustainability reporting guidance for the oil and gas industry released by International Petroleum Industry Environmental Conservation Association, the American Petroleum Institute, and the

[7] California Health & Safety Code § 38532(c)(2)(A)(i)(I)) requires reporting entities to "publicly disclose … all of the reporting entity's [S]cope 1 emissions and [S]cope 2 emissions for the reporting entity's prior fiscal year." This statutory language suggests a focused disclosure of total Scopes 1 and 2 emissions.

[8] As used throughout this document, the term "material" refers to any matter for which there is a substantial likelihood that a reasonable investor would consider it important when making an investment decision.

International Association of Oil and Gas Producers) would mitigate confusion arising from inconsistent presentations and enhance the usefulness of reported information by recognizing diverse corporate structures. Limiting the reporting boundary to a single approach would undermine flexibility and compromise the ability to refine future reporting in alignment with the GHG Protocol as it and entity operations evolve over time. In sum, CARB should explicitly allow covered entities to select the boundary methodology most appropriate for their respective operations and disclosures.

WSPA respectfully submits the following comments regarding specific sections of the Draft Reporting Template and accompanying memorandum:

- **Disclosing emissions by source versus gas.** CARB should not adopt any disaggregation requirement. Should disaggregation be required, the Draft Reporting Template introduces unnecessary complexity by requiring Scopes 1 and 2 emissions to be reported by *both* source and individual GHG species. This complexity is compounded by the inherent differences between source-based Scope 1 emissions and Scope 2 emissions. For example, the Draft Reporting Template requests Scope 1 emissions by stationary, mobile, process, and fugitive sources; while Scope 2 emissions are requested by electricity, heating, steaming and cooling sources. These differences impose additional reporting burdens and diminish stakeholders' ability to understand the information reported. Adopting an approach focused on aggregated reporting by material GHG, consistent with the GHG Protocol, would avoid the complexities associated with source-based disaggregation and enable a unified reporting bases for both Scopes 1 and 2 emissions.
  - *CARB should use a simplified approach focused on aggregated emissions reporting by material GHG species.*

- **Reporting emission reduction initiatives.** While WSPA supports the recognition of emission reduction initiatives, CARB should ensure that reporting requirements remain flexible, technology-agnostic, aligned with primary reporting objectives. Reporting criteria should be clearly defined to avoid confusion to encourage transparency and innovation.
  - *CARB should designate emissions reduction reporting fields as voluntary and ensure that all criteria are clear and defined.*
  - *CARB should align its reporting requirements with established global frameworks, such as the GHG Protocol's market-based accounting and Energy Attribute Certificates guidance.*
  - *CARB should allow the optional disclosure of emissions reduction goals and progress.*

- **Inconsistent or incomplete industry-specific data.** The Draft Reporting Template references the U.S. Environmental Protection Agency's (EPA's) Corporate Climate Leadership Simplified GHG Emissions Calculator, which is intended only for entities beginning to develop an inventory. While this tool may be suitable for generalized reporting, it would not completely capture refinery process emissions (*see* 40 C.F.R. Part 98 Subpart Y).

- **Reporting nitrogen trifluoride (NF_3).** NF_3 is one of the seven GHGs recognized under the GHG Protocol and is widely included in global reporting frameworks. Its omission from the draft template may hinder alignment with international standards.
  - *If CARB elects to retain optional reporting of emissions by CO_2e gases, it should add NF_3 in the Scope 1 reporting section.*

- **Reporting emission reductions from renewable contracts**. Spreadsheet rows 74 and 75 request reductions in carbon dioxide (CO_2) only. However, renewable electricity and gas reduce multiple GHGs, including methane (CH_4).
  - *CARB should revise these rows to request reporting in metric tons of CO_2 equivalent (mtCO_2e).*

- **Addition for Scope 1 reporting – stationary combustion sources.** Should CARB proceed with allowing voluntary reporting of Scope 1 emissions by source, WSPA notes that stationary combustion can be a significant source of direct emissions but is not explicitly included in the draft template.
  - *CARB should add a dedicated row for reporting Scope 1 emissions from stationary combustion*

sources, immediately following spreadsheet row 47. For example, spreadsheet row 48 could state: "Scope 1: Enter your total direct emissions from Stationary Combustion (in mtCO_2e)."

- **Addition for Scope 2 reporting – purchased electricity.** Should CARB proceed with allowing voluntary reporting of Scope 2 emissions by source, WSPA notes that purchased electricity is a primary source of Scope 2 emissions and should be distinctly reported.
  - *CARB should add a dedicated row for Scope 2 emissions from purchased or acquired electricity immediately following spreadsheet row 54. For example: "Scope 2: Enter your total indirect emissions from Purchased/Acquired Electricity (in mtCO_2e)."*

- **Reporting volumetric vs. revenue-based emissions intensity.** Spreadsheet rows 51 and 58 (e.g., emissions per million dollars in revenue) do not consistently reflect emissions performance across industries and may distort performance comparisons, especially in sectors with volatile pricing. Additionally, these metrics may seek disclosure of confidential business information (CBI). CARB should replace the revenue-based metric with a volumetric alternative, such as emissions per unit of production or throughput. If CARB determines that a performance metric of this type remains necessary, it should instead adopt a volumetric alternative (e.g., emissions per unit of production or throughput) and relocate these questions to the optional section.
  - *CARB should remove spreadsheet row 51, which states, "Enter Scope 1 emission intensity per million dollars in revenue (in mtCO_2e/millions of dollars)" and spreadsheet row 58, "Enter Scope 2 emission intensity per million dollars in revenue (in mtCO_2e/millions of dollars)," due to potential CBI concerns and exposure.*
  - *CARB should make intensity metrics optional to reduce reporting burdens and to accommodate entities that do not have existing systems for such calculations.*

- **Reporting Global Warming Potential (GWP).** The Draft Reporting Template specifies the use of GWP values from the Intergovernmental Panel on Climate Change's (IPCC's) Fourth Assessment Report (AR4). However, many reporting entities use GWP values from IPCC's Fifth Assessment Report (AR5) or Sixth Assessment Report (AR6) in their internal and external reporting, depending on jurisdictional or investor requirements. Additionally, EPA's Greenhouse Gas Reporting Rule has already transitioned away from AR4 values and adopted GWP values that reflect those from AR5 and AR6.[9] Furthermore, EPA's GHG Reporting Program *requires* the use of AR5 values, beginning January 1, 2024.
  - *CARB should allow flexibility for entities to report using the GWP factor (AR4, AR5, or AR6) that aligns with their current reporting practices.*
  - *CARB should also require reporting entities to disclose the specific GWP version used to ensure transparency and comparability.*

- **Emissions Factors.** Because the Draft Reporting Template references EPA's emissions factors, and CARB's GWP, reporting entities in California would also likely need to provide their CARB electronic GHG Reporting Tool (Cal e-GGRT) reporting identification to enable the Agency to reconcile reported data. The Draft Reporting Template also seeks identification of the source of emissions factors and the reporting years used for Scope 2 emissions. WSPA urges CARB to explicitly recognize the use of average annual emissions factors as an acceptable method for Scope 2 reporting. Requiring real-time data reporting would be significantly more burdensome, if not completely infeasible, to implement, and may not yield greater accuracy given the dynamic nature of the electric grid.
  - *CARB should explicitly allow flexibility for entities to report Scope 2 emissions using average annual emissions factors.*
  - *CARB should provide clear guidance to reporting entities to follow the GHG Protocol for Scope 2 emission calculations by deleting the phrase "(using emission factor derived from contractual instruments)" at spreadsheet row 48 in the Draft Reporting Template's "Read Me First" tab. This language is inconsistent with the GHG Protocol's Scope 2 Guidance, which allows a tiered*

[9] *See* 90 Fed. Reg. 31,802, 31,809 (Apr. 25, 2024).

approach to emission factor selection.

- **Need to provide clear options for parent-company level reporting.** As SB 253 does not specify which entity is responsible for submitting the required disclosures, if using consolidated parent-company level reporting, WSPA recommends the following reporting approach:
  - *If in-scope entities use consolidated parent-company level reporting, the parent company may submit a single consolidated report at the parent-company level to improve efficiency and alleviate administrative burdens. CARB should further clarify that for in-scope entities with a foreign parent, the top parent company in the United States may submit such consolidated report. CARB should note that this approach may require further clarification regarding whether the U.S. parent company could be subject to possible yet-to-be-determined administrative penalties under California law if the submitted information is deficient or inaccurate, particularly when the U.S. parent company is not otherwise subject to the reporting requirements.*

- **Need to define "trade secret" designations and provide non-disclosure pathway.** The Draft Reporting Template includes a "Yes/No" designation for whether a report contains trade secret information, but does not provide a definition or a clearly articulated process for protecting information designated as such.
  - *CARB should provide a clear definition of "trade secret" within the reporting guidance.*
  - *CARB should clarify that emissions data qualifying as trade secrets are eligible for exclusion from reporting requirements.*
  - *CARB should establish a formal process for the confidential treatment of emissions data that constitute a "trade secret," allowing such data to be submitted confidentially and protected from public disclosure.*

Finally, WSPA seeks clarification regarding the timing and payment of any initial compliance fees. While existing law requires in-scope entities to pay an annualized fee for both SB 253 and SB 261 reporting, SB 253 does not specify the payment deadline, whereas SB 261 requires a reporting entity pay a fee to CARB "on or before January 1, 2026." Given that CARB has not yet determined or approved the fee amount by regulatory action, it is unclear how entities could comply with a January 1, 2026, payment deadline.[10] WSPA requests that CARB clarify whether the Agency would exercise enforcement discretion for entities unable to pay an undetermined fee by January 1, 2026. Additionally, WSPA requests confirmation that reporting entities would be permitted to pay the fee within 30 to 45 days following CARB's approval of final regulations, and that such payment will be deemed retroactively effective as of January 1, 2026, without penalty.

WSPA appreciates the opportunity to provide these recommendations, which are intended to support the effective implementation of SB 253 while ensuring continued alignment with global best practices. WSPA thanks CARB for its ongoing engagement with stakeholders and for the Agency's consideration of these comments.

Sincerely,

Tanya DeRivi
Senior Director, California Climate and Fuels

[10] *See* CARB, "California Corporate Greenhouse Gas (GHG) Reporting and Climate Related Financial Risk Disclosure Programs: Resources," https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/resources ("Given the large volume of public comments staff have received, and given ongoing input related to identifying the range of covered entities, CARB is proposing an updated timeline for bringing the initial rulemaking (including the fee-related provisions) to the board in Q1 2026") (last visited Oct. 24, 2025).

EPA

Determine Organizational Boundaries

The GHG Protocol defines methods for setting boundaries for a greenhouse gas (GHG) inventory in its Corporate Accounting and Reporting Standard <https://ghgprotocol.org/corporate-standard> and Corporate Value Chain (Scope 3) Accounting and Reporting Standard <https://ghgprotocol.org/standards/scope-3-standard>.

Note that this page focuses on organizational boundaries: these determine which entities (e.g., subsidiaries, joint ventures, partnerships) and assets (e.g., facilities, vehicles) will be included in the scope 1 and scope 2 GHG emissions inventory. Operational boundaries, on the other hand, define the specific emissions sources (e.g., natural gas boilers or purchased electricity) that are included in an organization's scope 1 and 2 inventory. The GHG inventory guidance <https://epa.gov/climateleadership/scope-1-and-scope-2-inventory-guidance> documents provide information on defining operational boundaries.

In setting organizational boundaries, an organization chooses an approach for consolidating GHG emissions and then consistently applies that approach to define the entities and assets included in scope 1 and scope 2. The GHG Protocol defines three consolidation approaches: equity share, financial control, and operational control (Table 1 below).

Table 1: Consolidation Approaches for Setting Organizational Boundaries

Consolidation Approach	Description

Consolidation Approach	Description
Equity share	An organization accounts for GHG emissions from operations and assets according to its share of equity in the operation. The equity share reflects economic interest, which is the extent of rights an organization has to the risks and rewards flowing from an operation.
Financial control	An organization accounts for 100 percent of the GHG emissions over which it has financial control. It does not account for GHG emissions from operations it owns equity in but does not have financial control over. The organization has financial control over the operation if it can direct the operation's financial and operating policies with a view to gaining economic benefits from the operation's activities. The organization may have financial control over the operation even if it has less than a 50 percent equity in that operation.
Operational control	An organization accounts for 100 percent of the GHG emissions over which it has operational control. It does not account for GHG emissions from operations it owns equity in but does not have operational control over. An organization accounts for 100 percent of emissions from operations over which it or one of its subsidiaries has operational control. Generally, if the organization is the operator of a facility, it will have the full authority to introduce and implement its operating policies and thus has operational control.

Table 2 below shows several types of entities and assets and how they are included in the scope 1 and scope 2 inventory under the three different approaches. Each box represents the percent of emissions included in the boundary.

Table 2. Percent of Scope 1 and 2 Emissions for Entities or Assets Included Under Each Consolidation Approach

Entity or Asset	Equity Share	Financial Control	Operational Control
Wholly owned asset	100%	100%	100%
Group company/subsidiary/ franchise	Equity share	100% if controlled; 0% if not	100% if controlled; 0% if not
Joint venture/partnership	Equity share	Equity share	100% if controlled; 0% if not
Associated/affiliated company	Equity share	100% if controlled; 0% if not	0%
Leased asset—finance/capital lease	100%	100%	100%
Leased asset—operating lease	0%	0%	100% if controlled; 0% if not

In practice, these three approaches differ most for leased facilities or vehicles where there is an operating lease. These assets are not included in the inventory under the equity share or financial control approaches, but they are generally included in the inventory under the operational control approach. For more information on treatment of leased assets, see GHG Protocol, Appendix F, Categorizing GHG Emissions Associated with Leased Assets (pdf) <https://ghgprotocol.org/sites/default/files/standards_supporting/categorizing%20ghg%20emissions%20from%20leased%20assets.pdf> (105 KB).

The equity share and financial control approaches are similar with nuanced differences, as explained in detail in the GHG Protocol's Corporate Standard <https://ghgprotocol.org/corporate-standard> and Corporate Value Chain Standard <https://ghgprotocol.org/standards/scope-3-standard>.

The operational control approach is the most common: it typically aligns best with what an organization feels it is responsible for, and it also often leads to the most comprehensive inclusion of assets in the inventory. Industries with complex ownership structures may be more likely to follow the equity share approach to align the reporting boundary with stakeholder interests. An organization may choose the equity share or financial control approach to align its GHG reporting with the assets included in its financial reporting.

Once an organizational boundary is chosen, all levels of the organization and its subsidiaries need to follow the same approach to allow for consistent reporting. For example, if the parent organization uses the operational control approach, it is not appropriate to use the equity share approach for a subsidiary. Internal financial, accounting, or facilities staff may need to be consulted to define the entities and assets that fall within the boundary.

Organizational Boundaries and Scope 3 Emissions

After setting the organizational boundary to identify the entities and assets that are included in scopes 1 and 2, an organization can determine which activities fall into scope 3. This affects scope 3 emissions in several different ways.

- **Assets (e.g., facilities, vehicles).** For example, under the operational control approach, emissions from operating leases for facilities or vehicles are typically included in scope 1 and scope 2. Under the equity share approach, these emissions would be included in scope 3, category 8 (upstream leased assets).

- **Entities (e.g., subsidiaries, joint ventures, partnerships).** Scope 3 includes the value chain emissions of the entities included in scope 1 and scope 2 and does not include value chain emissions of entities outside the organizational boundary. For example, if a subsidiary is included in the scope 1 and 2 boundary and a joint venture is not, upstream scope 3 categories will include emissions associated with the purchases of the subsidiary but not the purchases of the joint venture. Likewise, downstream scope 3 categories will include emissions from the subsidiary's products, but not from the joint venture's products. When a joint venture is excluded from the scope 1 and 2 boundary, its emissions will be included in scope 3, category 15 (investments).
- **Emissions calculation.** Two scope 3 categories are based on the boundaries of the assets included in scope 1 and scope 2:
  - Category 3 (fuel- and energy-related activities) includes emissions associated with the fuels and electricity consumed only in facilities and vehicles included in scope 1 and scope 2.
  - Category 5 (waste generated in operations) includes emissions associated with waste generated only in facilities or vehicles included scope 1 and scope 2.

Last updated on February 10, 2026

California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Programs:

Frequently Asked Questions About Regulatory Development and Initial Reports

Posted July 9, 2025; Updated November 17, 2025

This Frequently Asked Questions (FAQ) document has two sections. The first section addresses the California Air Resources Board's (CARB) regulatory development for the Corporate Greenhouse Gas Reporting and the Climate-Related Financial Risk Disclosure Programs. The second section addresses initial (2026) reports. This guidance is intended to assist entities with initial planning, including submitting climate-related financial risk reports by January 1, 2026. CARB may establish requirements that build on, or vary from, this guidance in future regulations consistent with Health and Safety Code (HSC) §§ 38532 and 38533.

This document updates and supersedes the FAQ posted on July 9, 2025. CARB has built upon and expanded the July 9 document to develop this updated FAQ. The FAQ will be updated periodically to reflect new information or clarifications as implementation progresses.

CARB developed this document to help entities comply with HSC §§ 38532 and 38533. This guidance document does not have the force of law. This document is not intended to and cannot establish requirements beyond those that are already in the statutes. This document does not supplant, replace, or amend any legal requirements. CARB makes every effort to keep its documents up to date. But CARB does not guarantee the accuracy of this document and is not responsible for any errors or omissions in content. CARB reserves the right to make changes without notice.

Conformance with the law is the responsibility of each regulated entity, as applicable.

Frequently Asked Questions About Regulatory Development

Process and Goals

1. What process is CARB following to move from the climate disclosure legislation to final regulation?

CARB is in the informal information-gathering stage for implementing two statutes. HSC § 38532 is the Climate Corporate Data Accountability Act. And HSC § 38533 is the Climate-Related Financial Risk Disclosure Program. The process so far has included:

- **Enforcement Notice:** CARB issued an *Enforcement Notice* in December 2024 to support early implementation and reduce uncertainty associated with HSC § 38532.
- **Preparing for Rulemaking:** CARB released an *Information Solicitation* inviting public input on several questions in December 2024. Topics included definitions and reporting frameworks.
- **Public Workshops:** CARB held *public workshops* on May 29, 2025, and August 21, 2025 which were attended by 2,100 and 2,400 people, respectively. These workshops covered:
    - Background on the legislation.
    - A summary of early stakeholder feedback.
    - Rulemaking process.
    - Initial staff concepts around key definitions.
    - Initial concept on fee provisions.
    - Preliminary information about assurance and accreditation.
    - Staff request for public feedback on program details.
- CARB released materials related to the November 18, 2025, workshop.
- **Climate Disclosure Inbox:** CARB maintains public email inbox available (climatedisclosure@arb.ca.gov) for stakeholders to ask questions related to HSC §§ 38532 and 38533. The inbox has received over 900 inquiries.

Also, CARB has released *resources to assist entities with reporting requirements*. These resources include the Frequently Asked Questions, Climate Related Financial Risk Report Checklist, Preliminary List of in-scope Entities, and Draft Scope 1 and 2 GHG Reporting Template.

CARB has received and posted public comments about the public workshops and materials released. The public comment docket can be found here. Interested stakeholders are encouraged to sign up for future emails on this topic.

Staff plans to present the Initial Proposed draft regulation to the Board in Q1 of 2026. Staff will also undergo a public process for a second rulemaking in 2026, to address program requirements in 2027 and beyond. See Question 3 for more information about the scope of the Initial Regulation.

2. What does CARB plan to do with the data reported by in-scope entities?

CARB recognizes, as foundational principles for this effort, the need to develop a program that works for California, provides a potential model for others, and emphasizes effectiveness and efficient implementation. Programmatic goals, which staff are working to advance through the public process, include helping to ensure that accurate, comparable, and decision-useful climate information is made available to investors, consumers, and other interested parties.

3. Are the deadlines for HSC §§ 38532 and 38533 affected by the initial rulemaking being delayed to Q1 2026?

No. The initial rulemaking will establish the fee program and a first year 2026 reporting deadline for HSC § 38532 reports (which include Scope 1 and Scope 2 emissions). A delay in Board consideration of the initial rulemaking from December 2025 to Q1 2026 will not delay implementation of the fee provisions or the initial HSC § 38532 reporting deadline. In addition, the January 1, 2026, deadline to prepare a climate-related financial risk report pursuant to HSC § 38533 is similarly unaffected by the timing of the initial rulemaking. The HSC § 38533 January 1, 2026, deadline is set forth in statute and is therefore already a requirement.

HSC § 38532 requires reporting of Scope 1 and Scope 2 corporate GHG emissions in 2026 but does not specify a specific date as a deadline. Under the initial rulemaking, staff's proposal to the Board would require that entities subject to HSC § 38532 report Scope 1 and Scope 2 emissions on or before August 10, 2026. This reporting deadline is intended to provide a clear deadline for first-year reporting and aligns with the verification deadline under the Mandatory Greenhouse Gas Reporting Regulation. See Question 19 for details on reporting requirements.

Separately, Staff will undergo a subsequent rulemaking in 2026, to address program requirements in 2027 and beyond. The expected scope for this subsequent rulemaking may include establishing a recurring annual reporting deadline starting in 2027 for Scope 1, 2 and 3 emissions, as well as other details such as reporting format, data assurance requirements, and other relevant details related to implementation of HSC § 38532.

General Applicability

4. What is the definition of revenue for determining the applicability of HSC §§ 38532 and 38533?

Staff's proposed definition of "revenue", which staff plans to include as part of its initial rulemaking, is based on the "gross receipts" definition in the California Revenue and Taxation Code § 25120(f)(2). Staff's proposed "revenue" definition is: *"The gross amounts realized (the sum of money and the fair market value of other property or services received) on the sale or exchange of property, the performance of services, or the use of property or capital (including rents, royalties, interest, and dividends) in a transaction that produces business income, in which the income, gain, or loss is recognized (or would be recognized if the transaction were in the United States) under the Internal Revenue Code, as applicable for purposes of this part. Amounts realized on the sale or exchange of property shall not be reduced by the cost of goods sold or the basis of property sold."*

This definition was originally proposed at the May 29, 2025, workshop and discussed further at the August 21, 2025, workshop. Stakeholder feedback included that using gross receipts as the basis for the revenue definition would be an objective and clear approach, given existing familiarity with that concept in corporate tax reporting.

5. What is the definition of "doing business in California" for determining the applicability of HSC §§ 38532 and 38533?

Staff is planning to propose to the Board the following definition for "doing business in California", based on existing tax law:

An entity is "doing business in California" for purposes of the reporting regulation if:

a) the entity is actively engaging in any transaction for the purpose of financial or pecuniary gain or profit (Cal. Revenue & Taxation Code § 23101(a)); <u>and</u>

b) any of the following conditions is met during any part of a taxable year (Cal. Revenue & Taxation Code § 23101(b)):

1. The entity is organized or commercially domiciled in this state.
2. Sales, as defined in Revenue and Taxation Code subdivision (e) or (f) of § 25120 as applicable for the reporting year, of the entity in this state exceed the inflation adjusted thresholds of seventy hundred thirty-five thousand and nineteen ($735,019) (2024) or 25 percent of the taxpayer’s total sales. For purposes of this paragraph, sales of the entity include sales by an agent or independent contractor of the entity. For purposes of this paragraph, sales in this state shall be determined using the rules for assigning sales under §§ 25135 and 25136, and the regulations thereunder, as modified by regulations under § 25137.

The sales, property, and payroll of the taxpayer include the taxpayer's pro rata or distributive share of pass-through entities. For purposes of this subdivision, “pass-through entities” means a partnership or an “S” corporation.

This definition was originally proposed at the May 29, 2025, workshop and further discussed at the August 21, 2025, workshop. The property and payroll-related criteria from Cal. Revenue & Taxation Code § 23101(b)(3) and (b)(4) are not included in this definition. Based on stakeholder feedback, staff is proposing to omit these criteria because, for purposes of Health and Safety Code §§ 38532 and 38533, property or payroll presence alone may not demonstrate a sufficient economic connection to the State to constitute “doing business.”

6. What is the definition of parent-subsidiary for determining consolidated reporting eligibility under HSC §§ 38532 and 38533?

HSC §§ 38532 and 38533 allow parent companies to file consolidated reports rather than requiring all in-scope subsidiaries to prepare separate reports. To align with the Cap-and-Invest program, help streamline program requirements, and to be responsive to stakeholder feedback, staff is planning to propose to the Board that a subsidiary is a business entity that another business entity has ownership interest in or control of by direct corporate association as defined in the Cap-and-Invest program (Title 17, California Code of Regulations § 95833). These indicators determine ownership or control:

- Greater than 50 percent of ownership of any class of listed shares, the right to acquire such shares, or any option to purchase such shares of the other entity;
- Greater than 50 percent of common owners, directors, or officers of the other entity;
- Greater than 50 percent of the voting power of the other entity;
- In the case of a partnership other than a limited partnership, greater than 50 percent of the interests of the partnership;
- In the case of a limited partnership, greater than 50 percent of control over the general partner or greater than 50 percent of the voting rights to select the general partner; or
- In the case of a limited liability corporation, greater than 50 percent of ownership in the other entity regardless of how the interest is held.

7. Do HSC §§ 38532 and 38533 each apply to the same companies?

Not necessarily.

- HSC § 38532 applies to U.S.-based entities with over $1 billion in total annual revenue doing business in California.
- HSC § 38533 applies to U.S.- based entities with over $500 million in annual revenue, also doing business in California.

Entities subject to HSC § 38532 will also meet the revenue threshold for HSC § 38533, as section 38533's revenue threshold is lower than 38532's revenue threshold. However, not all entities subject to HSC § 38533 are subject to HSC § 38532.

8. If a company exceeds the revenue thresholds described in statute but most of its business is outside of California, is that company subject to the requirements of HSC § 38532 and/or § 38533?

Potentially, but it will depend on if the entity meets the threshold of "doing business in California" as described above. Revenue thresholds for in-scope entities of HSC §§ 38532 and 38533 are outlined in the respective statutes. Revenue considers total gross receipts, regardless of whether the revenue was generated within California. Sales within the state are then used to determine if the entity is doing business in California.

If an entity exceeds the revenue threshold pursuant to HSC § 38532 and/or § 38533, is determined to be doing business in California, and is based in the United States, then that entity is in scope.

9. Which previous fiscal years should a company consider for determining whether they meet the revenue criteria for HSC §§ 38532 and 38533?

Staff's proposal to the Board will explain that applicability of the 200s will be determined based on the lesser of the entity's two previous complete fiscal years of revenue. This means that if in one of those two years the revenue is below the threshold for HSC § 38532 and/or § 38533, then the entity is not in scope and does not need to report at the next applicable reporting deadline.

10. Are some companies exempt from HSC §§ 38532 and 38533 reporting requirements?

Yes. The statutes as written exclude several types of entities, including the following:

- Federal, State and local government entities, and companies that are majority-owned by government entities (>50.00%).
- A business entity that is subject to regulation by the Department of Insurance in this state, or that is in the business of insurance in any other state. This language is explicit in HSC § 38533. Staff is proposing to exempt the same entities from HSC § 38532.

In addition, CARB is proposing, as part of its initial rulemaking, that the reporting requirements under HSC §§ 38532 and 38533 would not apply to:

- Non-profit or charitable organizations, defined as tax-exempt under the Internal

Revenue Code.

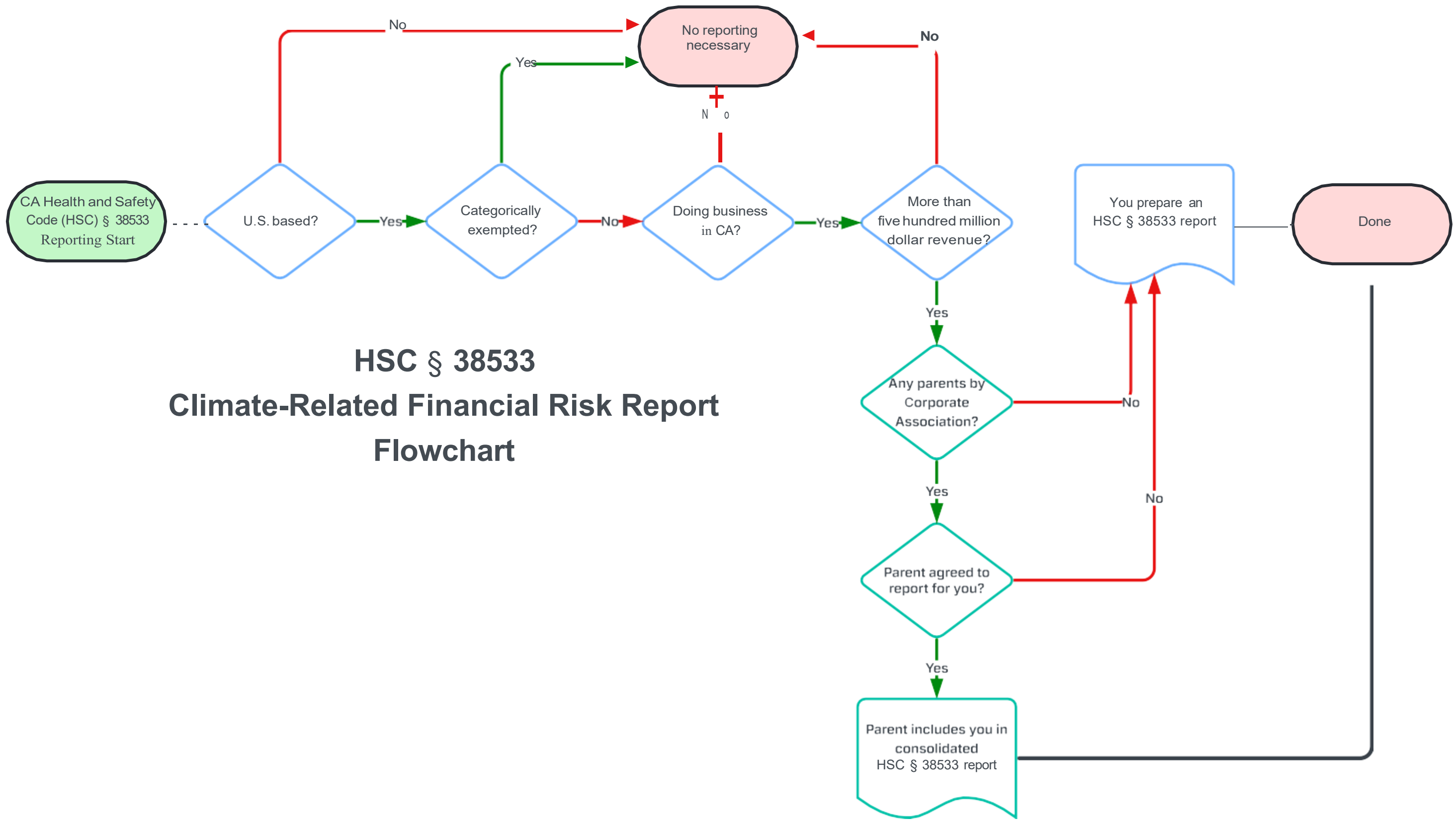
- Entities whose only business in California is the presence of teleworking employees.

In addition, several organizations may not have a reporting obligation under HSC §§ 38532 and 38533 based on the definitions of revenue and doing business in California, described above. For example, holding companies and mutual funds do not report gross receipts in their California corporate tax filings, and would not meet the revenue thresholds as a result.

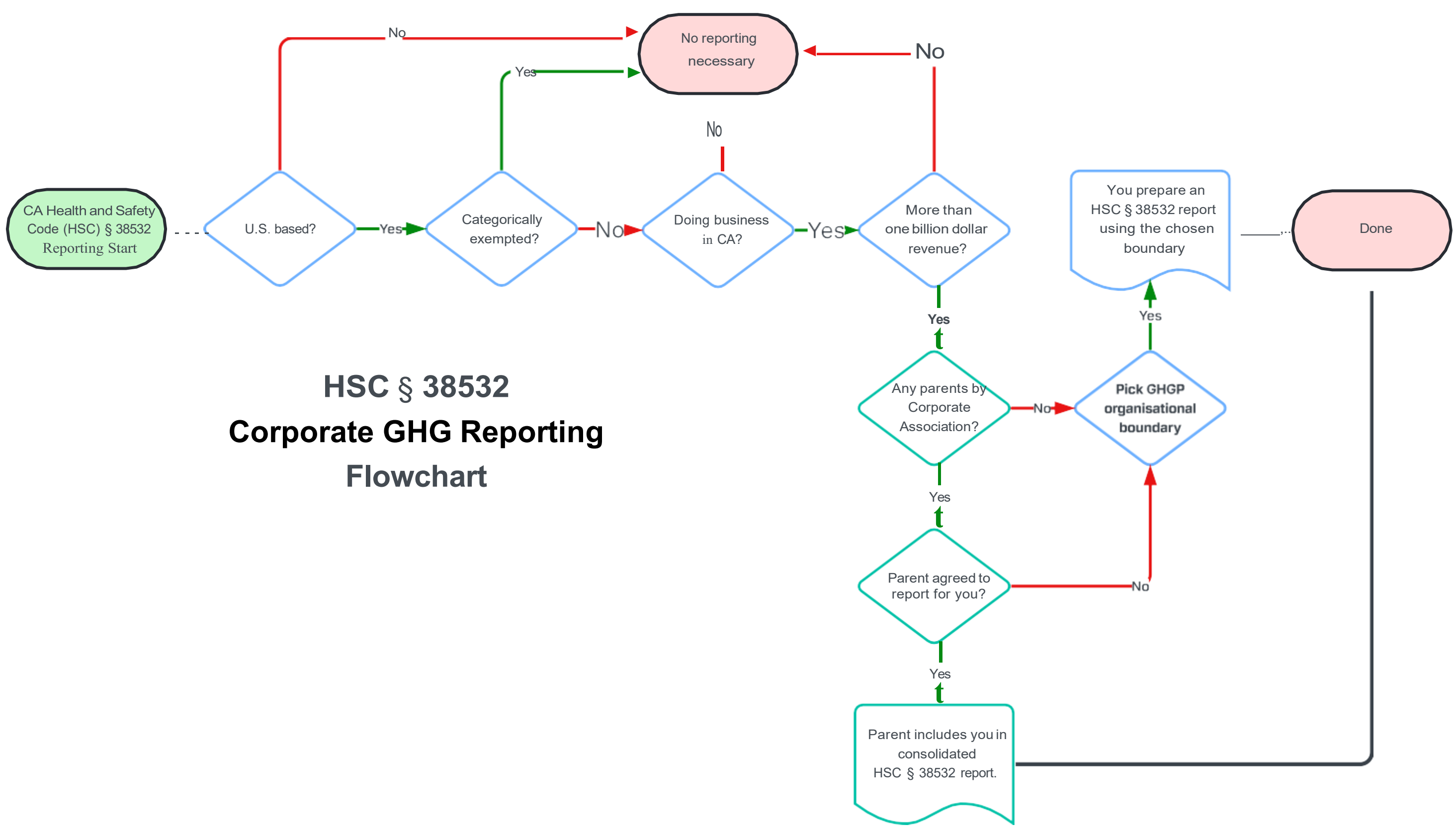
11. My company was not listed under the released list of in-scope entities. Does that mean my company is not subject to the requirements of HSC §§ 38532 and/or 38533?

The draft preliminary list was released to help CARB staff estimate the number of potentially regulated entities for the purpose of estimating annual fees. This draft preliminary list was based on a third-party database and public data available at the time. Potentially regulated entities should carefully review the revised definitions listed above to determine applicability. Each potentially regulated entity remains responsible for compliance with statutory requirements regardless of whether it was included in staff's preliminary list or outreach.

Common Parent-Subsidiary Questions



HSC § 38533
Climate-Related Financial Risk Report
Flowchart



HSC § 38532
Corporate GHG Reporting
Flowchart

12. If a U.S.-based parent entity has a subsidiary doing business in California, is that U.S.- based parent entity automatically deemed to be doing business in California?

Inclusion criteria should be assessed on an individual company basis. If a company meets the inclusion criteria thresholds, then it is subject to the applicable requirements of HSC §§ 38532 and/or 38533. Both the subsidiary and the U.S.-based parent company assess their own compliance obligations based on the criteria outlined in statute and the proposed definitions provided. In this case, the U.S-based parent company should determine:

- Is this company U.S.-based? (in this example, yes)
- Does this company exceed the revenue thresholds (described above)?
- Does this company 'do business in California' based on the criteria described above?

If the answers to the above questions are all "yes" for this hypothetical U.S.-based parent company, and if the company would not be included in staff's proposed list of exclusions and exemptions, then the U.S.-based company would be subject to the applicable requirements of HSC §§ 38532 and/or 38533.

13. If I am a subsidiary, and a parent company will be reporting on my behalf and that parent does not do business in California, will my company still be subject to the applicable requirements of HSC §§ 38532 and/or 38533?

Yes. Inclusion criteria should be assessed on an individual company basis. If a company meets the inclusion criteria thresholds it is subject to the applicable requirements of HSC §§ 38532 and/or 38533. Parent companies have the option to report on behalf of in-scope subsidiaries, even if the parent company is not subject to HSC §§ 38532 and/or 38533.

14. Can a foreign parent company report on behalf of in-scope U.S. based subsidiaries through a consolidated report?

Yes, a foreign parent company that is not based in the U.S. (and therefore likely not subject to the requirements of HSC §§ 38532 and 38533) may submit a consolidated report which provides the required reporting on behalf of its U.S.-based subsidiaries to satisfy reporting requirements for the in-scope subsidiaries.

15. When calculating a parent company's total revenue for the purposes of determining compliance obligations under HSC §§ 38532 and/or 38533, must the revenue from the parent company's subsidiaries be included in the calculation?

It depends. The revenue threshold is evaluated at the individual company level. However, if a parent company and its subsidiaries file California taxes as a unitary business, then the revenue of the subsidiaries counts towards the revenue of the parent company as part of its gross receipts. To determine the gross receipts, entities should reference their corporate tax filings.

16. Can a consolidated report from a parent company include disclosures from subsidiaries not subject to HSC §§ 38532 and/or 38533?

Yes, the consolidated parent report may include disclosures from subsidiaries that are not subject to the requirements of HSC §§ 38532 and/or 38533. However, the consolidated report must still meet all the applicable reporting requirements for the in-scope entities that are subject to HSC §§ 38532 and/or 38533.

17. If a subsidiary of a foreign parent company is subject to reporting under HSC §§ 38532 and/or 38533, does that mean the foreign parent company is also subject to the same reporting requirements under HSC §§ 38532 and/or 38533?

HSC §§ 38532 and 38533 only apply to U.S.-based companies. If this foreign company is not a U.S.-based company as defined in HSC §§ 38532 and 38533, then that foreign company is not subject to the requirements of HSC §§ 38532 or 38533 The foreign parent company may choose to submit a consolidated report on behalf of any subsidiaries subject to the reporting requirements (see above).

18. If a parent company submits a consolidated report covering multiple subsidiaries that are subject to reporting requirements, is the total fee based on the consolidated report or on each subsidiary?

The fee regulation that staff is planning to propose to the Board assesses fees at the individual entity level. While a parent company may submit a consolidated report that includes the reporting requirements of its subsidiaries, the fees will still be assessed for each individual entity that is covered under HSC §§ 38532 and 38533. Fees may be paid by the parent company level. However, parent company payment would need to cover all assessed fees applied to all applicable individual entities.

Initial Reports: Frequently Asked Questions

HSC § 38532

19. When must initial reports in 2026 be submitted under HSC § 38532?

CARB is planning to propose in its draft initial rulemaking that reporting entities must report Scope 1 and Scope 2 GHG emissions on or before August 10, 2026, for the first year's reporting. The applicable preceding fiscal year that must be reported would be determined on the entity's fiscal year cycle. If the reporting entity's fiscal year ends on or before February 1, 2026, the preceding fiscal year will be the one ending in 2026. If the fiscal year ends after February 1, then the preceding fiscal year will be the fiscal year ending in 2025. This allows each entity at least 6 months to compile data.

To support initial implementation and reduce uncertainty, CARB issued an *Enforcement Notice* in December 2024. In this Enforcement Notice, CARB recognizes that some reporting entities may require lead time to develop or refine their data collection processes to ensure complete and accurate reporting of Scope 1 and Scope 2 emissions. Accordingly, CARB will exercise enforcement discretion for the first report due in 2026, allowing reporting entities to submit Scope 1 and Scope 2 emissions for their prior fiscal year based on information they already have or were collecting when this Notice was issued. Entities that were not collecting data or were not planning to collect data, at the time the Enforcement Notice was issued, are not expected to submit Scope 1 and 2 reporting data for this first reporting cycle (see below). This approach is intended to support companies as they transition into complying with these new reporting requirements. For example, each of the following scenarios would meet the first year reporting requirement for HSC § 38532:

- If a company develops its own annual report that includes information on Scope 1 and Scope 2 emissions, that company may submit that report to CARB.
- If a company already submits annual Scope 1 and Scope 2 emissions through a voluntary program or to another regulatory program, that company may submit that same information to CARB.
- A company may choose to submit data using CARB's *Scope 1 and 2 GHG Reporting Template*
- If a company does not collect Scope 1 and Scope 2 greenhouse gas emissions data, pursuant to the Enforcement Notice that company does not need to submit data for the first year's report. Any companies not submitting Scope 1 and Scope 2 greenhouse gas emissions data in 2026 pursuant to HSC § 38532 should submit a statement on company letterhead to CARB, stating that they did not submit a report, and indicating that in accordance with the Enforcement Notice, the company was not collecting data or planning to collect data at the time the Notice was issued. CARB will open a public docket near the first year 2026 reporting deadline, to which these statements will be uploaded.

20. For HSC § 38532, when must third-party data assurance be completed?

HSC § 38532 requires that companies covered under § 38532 will be required to obtain an assurance engagement performed by an independent third-party assurance provider for their Scope 1 and Scope 2 emissions at a limited-assurance level beginning in 2026, and at a reasonable-assurance level beginning in 2030. For 2026 reporting under HSC § 38532, CARB will exercise enforcement discretion for the first report due in 2026, allowing reporting entities to submit Scope 1 and Scope 2 emissions for their prior fiscal year based on information they already have or were collecting when this Notice was issued, whether or not the data received limited assurance.

21. How can companies align existing voluntary reporting with HSC § 38532 reporting?

CARB is committed to developing a program that works for California and that provides a potential model for others, and that emphasizes effectiveness and efficient implementation. CARB's goal is to reduce confusion for reporting entities and simplify compliance with the law, including aligning and streamlining reporting requirements where possible. As previously discussed in Question 19, companies may submit existing information or reports to CARB for the first-year reporting deadline in 2026 (e.g., an existing annual report that includes information on Scope 1 and Scope 2; or existing information on annual Scope 1 and Scope 2 emissions that is also submitted through a voluntary program).

HSC § 38533

22. When do the first climate-related financial risk reports need to be submitted?

Per HSC § 38533, the Climate-related Financial Risk Reporting Program, covered entities must prepare and publish their first climate-related financial risk report by January 1, 2026, and biennially thereafter.

On December 1, 2025, CARB will post a public docket for covered entities to post the location of their public link to their first climate-related financial risk report. CARB will keep this public docket open until July 1, 2026. This public docket will help support transparency by providing one location for the public to be able to review all climate-related financial risk reports.

This guidance is intended to assist companies with initial planning for January 1, 2026. Future regulations may establish additional or alternative requirements consistent with HSC § 38533.

23. How should an organization determine what needs to be included in its climate-related financial risk report?

HSC § 38533(a)(2) defines "Climate-related financial risk" as material risk of harm to immediate and long-term financial outcomes due to physical and transition risks, including, but not limited to, risks to corporate operations, provision of goods and services, supply chains, employee health and safety, capital and financial investments, institutional investments, financial standing of loan recipients and borrowers, shareholder value, consumer demand, and financial markets and economic health. HSC § 38533(b)(1)(A) further directs covered entities to prepare a climate-related financial risk report.

HSC § 38533 allows but does not mandate the disclosure of information that falls outside of this definition.

The statute specifies flexibility in choosing a reporting framework, and entities then apply the principles embedded in that chosen framework.

For example, TCFD 2017 states "organizations should determine materiality for climate-related issues consistent with how they determine the materiality of other information included in their financial filings." Further, the TCFD emphasizes that disclosures should be specific, complete, and provide sufficient information to enable users to understand the impact of climate-related issues on an organization's business.

As part of its public outreach, CARB has heard from stakeholders that climate risk-related data is often collected on a fiscal year basis and that it takes time to process climate information into a report. As a result, it is reasonable to expect that initial climate-related financial risk reports submitted by January 1, 2026, may cover past fiscal years (FY) (e.g. FY 2023/2024 or FY 2024/2025 depending on the organization).

This guidance is intended to assist companies with initial planning for their January 1, 2026, report submittals. Future regulations may establish additional or alternative requirements for future report submittals, consistent with HSC § 38533. In support of the upcoming first-year report requirement in statute, CARB posted a Climate Related Financial Risk Report

Draft Checklist in September 2025. This document is intended to help companies that are newer to climate-related financial risk disclosure by describing the minimum content that should be included in HSC § 38533 disclosure submittals, and is intended to align closely with TCFD 2017.

24. HSC § 38533 references companies making "good faith efforts" to comply. What does that mean?

As outlined in HSC § 38533, potential penalties against entities for violations are tied to several factors, including whether the violator took good faith measures to comply and when those measures were taken. This "good faith" consideration is part of CARB's enforcement discretion in considering penalties for reporting violations.

To provide a phase-in period for reporting, climate-related financial risk disclosures made pursuant to the upcoming statutory deadline (January 1, 2026) may be based on the best available information, including information from past fiscal years (such as FY 2023/2024 or 2024/2025 [see above]). CARB also recognizes that data quality and data sources may change over the course of the year, if additional data collection methods were put in place later.

25. When preparing a Climate Related Financial Risk Report, should we use Calendar Year or Fiscal Year data?

HSC § 38533 does not specify Calendar Year or Fiscal Year data. Covered entities should use the most recent/best available data for the first report.

26. If my company already submits climate related financial risk disclosures via a third party or through another program/standard, can my company use those reports to comply with HSC § 38533?

The statute requires that climate-related financial risk reports disclose financial risk in accordance with any of the frameworks described in HSC § 38533. Assuming a company's existing reports use any of the frameworks described in HSC § 38533, that report could be used. Then, based on the requirements of HSC § 38533, the report must be posted on the company's own website. Reporting entities must then post the location of their public link to their initial climate-related financial risk report on CARB's public docket.

27. My company already develops annual reports that are compliant with TCFD 2017; is that sufficient for compliance with HSC § 38533?

In terms of content, yes. In terms of posting requirements see HSC § 38533 and the response to Question 23.

28. Is there a specific required format for reporting pursuant to HSC § 38533?

There is no requirement that the climate-related financial risk report be embedded or displayed in a specific format beyond being publicly accessible on the company's website by January 1st, 2026, and that the link be sent to CARB's public docket by July 1st, 2026.

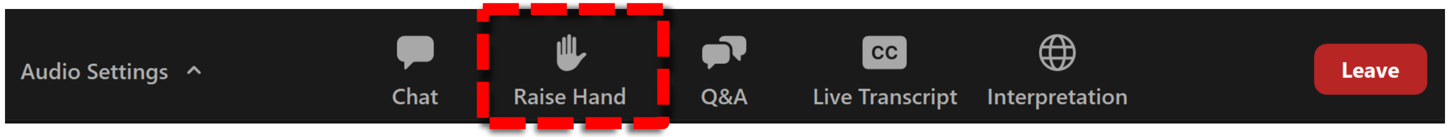
SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program

JULY 21, 2026

Workshop Logistics

Workshop Materials:
ww2.arb.ca.gov/climatedisclosure/workshops

- Zoom Orientation:
  - Raise Hand
  - Zoom phone participants may dial #2 to "Raise Hand"
  - The facilitator will inform Zoom phone participants when they are unmuted during Public Comment
  - Dial *6 to mute or unmute
- Email climatedisclosure@arb.ca.gov



Agenda

1. SB 253 Background (including update on 2026 Initial Regulation)
2. Updated Proposed Rulemaking Concepts for 2027 (Subsequent Regulation)
3. Economic Analysis and Proposed Exemption Updates
4. Next Steps
5. Public Comment

SB 253: Climate Corporate Data Accountability Act

	SB 253 (HSC § 38532)
Requirements	• Disclosure of Scope 1, 2, and 3 GHG emissions
Applies To	• U.S.-based entities • Doing business in California • >$1 billion in annual revenue
Deadlines	• Scope 1 and Scope 2 in 2026 • Scope 1, 2 and 3 in 2027+

[California Code, HSC 38532 Climate Corporate Data Accountability Act]

Greenhouse Gas Protocol Website

Greenhouse Gas Protocol

- SB 253 directs reporting entities to disclose greenhouse gas emissions in conformance with the Greenhouse Gas Protocol (GHG-P).
- The GHG-P is a globally recognized framework for measuring and reporting greenhouse gas emissions.
- It defines Scope 1, Scope 2, and Scope 3 emissions and describes standardized methods for corporate carbon accounting.
- Using the GHG-P supports interoperability with other disclosure programs (such as IFRS S2, CSRD) and reduces reporting burdens.

Update on Initial Regulation

- The Final Package that was submitted to OAL on May 20, 2026 has been withdrawn by CARB to allow for limited further clarifying changes, and will be resubmitted.
- Proposed new 2026 Scope 1-2 emissions reporting deadline of November 10, 2026, to give reporting entities additional time following the formal adoption of the initial regulation.
- Refer to CARB's June 24, 2026 notice for more information: Notice on Upcoming Rulemaking Update and 2026 Reporting Deadline Deferral

2026 Reporting Guidance

- Staff will share additional guidance materials to support 2026 Scope 1 and 2 emissions reporting by September 1, 2026, in advance of the November 10, 2026 reporting deadline.
- Materials will include:
  - Voluntary online intake platform for fee contact information and GHG emissions reporting
  - Accompanying guidance document and instructional video

Proposed Requirements for Greenhouse Gas Reporting in 2027 and Beyond (Subsequent Rulemaking)

SB 253 (HSC § 38532)

Approach to Proposed Regulation

- Based on stakeholder feedback, proposed regulatory concepts align with Greenhouse Gas Protocol (GHG-P), with clarifications for the California regulatory context.
- Based on stakeholder feedback and direction of SB 253, CARB staff seek to promote interoperability with other climate disclosure programs, including IFRS S2, EU CSRD, and others, to the greatest extent possible.
- Proposed regulatory concepts provide flexibility for reporting to streamline implementation.

Greenhouse Gas Protocol Alignment

Based on feedback, CARB staff proposals align with the Greenhouse Gas Protocol and SB 253 in the following ways:

Implementing GHG-P Requirements

CARB staff propose regulatory language to implement GHG-P requirements with appropriate clarity and specificity.

Implementing GHG-P Recommendations

CARB staff propose regulatory language to implement GHG-P recommendations that are aligned with the broader objectives of SB 253.

Clarity for California Regulatory Context

CARB staff propose regulatory language to implement the broader directives in SB 253, and/or meet requirements of California administrative law.

Potential provisions in forthcoming staff proposal are shown in:

Draft Regulatory Language Callout Boxes

Proposed General Requirements for Greenhouse Gas Reporting

- Based on feedback, general requirements aim to ensure that GHG emissions disclosures are relevant, complete, consistent, transparent, and accurate across reporting entities.
- In addition to general requirements, staff propose specific requirements for Scope 1, Scope 2, Scope 3 reporting and assurance.

Discussion Questions

- Do the proposed requirements offer adequate clarity for Greenhouse Gas Protocol aligned reporting? Are there topics that need additional clarification or specificity in regulation requirements?

General Reporting Requirements

- Greenhouse Gas Disclosure
- Standards and Guidance
- Quantification Methodologies
- Measurement Uncertainty
- Missing Data Protocols and Substitution Procedure
- Reporting Biogenic Emissions
- Reporting Emissions Reductions or Removals
- Data Exclusions
- Notifying CARB of Changes to Methodologies
- Recalculation of Previous Year Data
- Reporting Deadline
- Supplemental Information

Proposed GHG Disclosure, Standards, and Guidance

Clarity for California Regulatory Context

Greenhouse Gas Disclosure. A reporting entity, shall disclose its GHG emissions generated during the reporting period, expressed in metric tons of CO_2e and classified as:

1) Gross Scope 1 GHG emissions, in accordance with section 960XX.
2) Gross Scope 2 GHG emissions, in accordance with section 960XX.
3) Gross Scope 3 GHG emissions, in accordance with section 960XX.

Standards and Guidance. When preparing GHG emissions information for reports, reporting entities shall conduct quantification and accounting in adherence with the principles, requirements and guidance provided by the Corporate Standard, Scope 2 Guidance, and Scope 3 Standard.

Corporate Standard: GHG Protocol Corporate Accounting and Reporting Standard
Scope 2 Guidance: GHG Protocol Scope 2 Guidance
Scope 3 Standard: GHG Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard

Proposed Quantification Methodologies Reporting

Implementing GHG-P Requirements

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, uncertainty).
4) Quantification method (e.g., direct measurement or calculation-based method), including any process-specific tools or models used.

Corporate Standard, Chapter 6 (p. 42); Chapter 7 (p. 51 and 53); Chapter 9 (p. 63)

Proposed Measurement Uncertainty Reporting

Implementing GHG-P Recommendations

Measurement Uncertainty. Reporting entities must assess the uncertainty associated with the quantification methodologies used to calculate emissions, including underlying data sources, assumptions, and models, and report confidence intervals with data points, where applicable. Where quantitative estimation of uncertainty is not feasible or would impose unreasonable burden or cost, reporting entities shall provide an explanation and conduct a qualitative assessment of uncertainty.

GHG-P recommends disclosure of measurement uncertainty to support transparency and verifiability, where possible. CARB proposes adopting this recommendation by requiring qualitative or quantitative explanation for measurement uncertainty, to support transparency, comparability, and assurance.

Corporate Standard, Chapter 7 (p. 56); Chapter 9 (p. 64)

Proposed Missing Data and Substitution Reporting

Clarity for California Regulatory Context

Missing Data Protocols and Substitution Procedure. Reporting entities shall identify 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.

California's Mandatory Reporting Regulation includes similar provisions. Mandatory Reporting Regulation data may be provided with SB 253 disclosures, so this provision is included for consistency across the programs.

Proposed Biogenic Emissions Reporting

Implementing GHG-P Requirements

Clarity for California Regulatory Context

Reporting Biogenic Emissions. Biogenic CO_2 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. CH_4 and N_2O 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 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 section 960XX.

Corporate Standard, Chapter 8-9; Appendix B and Scope 3 Standard, Chapter 6; Chapter 11

Proposed Emissions Reductions or Removals Reporting

Implementing GHG-P Requirements

Reporting Emissions Reductions or Removals. Reporting entities may report voluntary investments (e.g., carbon credits, offsets), management activities (e.g., land management practices resulting in biological GHG sequestration), or other activities that result in fossil or biogenic emissions reductions or removals. These voluntary investments or management activities must be reported separately from Scope 1, Scope 2 and/or Scope 3 emissions.

Corporate Standard, Chapter 8-9; Appendix B and Scope 3 Standard, Chapter 9; Chapter 11

Primary Data Prioritization Guidance

Implementing GHG-P Recommendations

The GHG-P recommends that reporters prioritize primary data over secondary data. CARB would like to hear your thoughts on how to implement this recommendation, and more broadly, encourage reporting entities apply the most scientifically sound approach for emissions quantification. For example, CARB received public feedback noting that methane emissions are often underestimated when reporting relies on general emission factors rather than primary data.

Discussion Questions

- Are there cases when CARB should encourage or require the prioritization of specific measurement approaches, emission factors or quantification methods? If so, what approach could support scientific best practices, while offering adequate flexibility when higher-quality data are limited or unavailable?
- Are there sector- or source-specific quantification methodologies or standards CARB should consider recommending in follow-up guidance documents?

Proposed Data Exclusions Reporting

Implementing GHG-P Requirements

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 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.

Corporate Standard, Chapter 1 (p. 7-9); Chapter 9 (p. 63)

Data Exclusions Discussion

Discussion Questions

- Are the proposed factors appropriate and sufficient for considering acceptable exclusions from GHG emission inventories?
- What further direction may be needed for reporting entities to consider data exclusions in a consistent and comparable way?
- Does the proposed approach balance reporting burden with the objective of providing complete and decision-useful emissions information?

Proposed Methodology Change Reporting

Implementing GHG-P Requirements

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.

Corporate Standard, Chapter 1 (p. 8); Chapter 5; Chapter 9

Proposed Recalculation of Previous Year Data

Implementing GHG-P Recommendations

Clarity for California Regulatory Context (5 percent, see underlined language below)

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</u> <u>of 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.

Corporate Standard, Chapter 5; Chapter 9

Reporting Deadline

Reporting Deadline. 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.

Supplemental Information

Supplemental Information. Reporting entities may disclose, in a separate section, additional information that adds context to their emissions disclosures, above and beyond the information they are required to report according to subsections 960XX.

Proposed Scope 2 & 3 Emissions Reporting Requirements

SB 253 (HSC § 38532)

Proposed Scope 2 Emissions Reporting Requirements

Implementing GHG-P Requirements

a) In accordance with the Scope 2 Guidance, reporting entities shall disclose Scope 2 GHG emissions expressed in metric tons of CO_2 equivalent by source type, including electricity, steam, heating, and cooling emissions.

b) In addition to CO_2e, disclosure of Scope 2 GHG emissions generated during the reporting period shall be expressed in metric tons of the following GHGs in CO_2 equivalent: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexaflouride (SF_6) and nitrogen trifluoride (NF_3) and the sum of those gases expressed in metric tons of CO_2e, 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.

Corporate Standard, Chapter 9 (p. 63); Appendix A; Scope 2 Guidance, Chapter 7

Scope 3 Reporting

- Staff received feedback from stakeholders that assessing all 15 Scope 3 categories beginning in 2027 could pose data availability and cost challenges.
- To phase in Scope 3 reporting and ease compliance burdens, staff propose requiring reporting on the five most commonly-reported categories, starting in 2027: purchased goods and services, fuel and energy related activities, waste generated during operations, business travel, and employee commuting.
- As these categories are frequently reported across voluntary and mandatory programs, they have some of the most established data sources and mature quantification methods.
- In alignment with the Greenhouse Gas Protocol, staff propose that reporting entities may voluntarily report emissions from the other 10 categories, particularly for entities already reporting additional categories to other jurisdictions.

Proposed Scope 3 Emissions Reporting

Clarity for California Regulatory Context

Reporting of Required Scope 3 Emissions Categories. Reporting entities shall disclose Scope 3 GHG emissions for 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) beginning in 2027. Reporting entities shall follow guidance from the Scope 3 Standard for calculating emissions within these categories. Reporting entities may exclude categories in accordance with section 960XX.

Scope 3 Value Chain Guidance

Proposed Scope 3 Emissions Reporting

Implementing GHG-P Recommendations

Clarity for California Regulatory Context

Voluntary Reporting of Other Scope 3 Emissions Categories. Reporting entities may voluntarily disclose emissions from Category 2 (Capital Goods), Category 4 (Upstream Transportation and Distribution), Category 8 (Upstream Leased Assets), Category 9 (Downstream Transportation and Distribution), Category 10 (Processing of Sold Products), Category 11 (Use of Sold Products), Category 12 (End-of-Life Treatment of Sold Products), Category 13 (Downstream Leased Assets), Category 14 (Franchises), and Category 15 (Investments), as identified in the Scope 3 Standard. For any voluntarily reported Scope 3 categories, reporting entities should follow guidance from the Scope 3 Standard for calculating emissions within these categories.

Scope 3 Value Chain Guidance

Proposed Scope 3 Reporting Requirements

Implementing GHG-P Requirements

For each Scope 3 emissions category, reporting entities must disclose:

1) The name and number of the category as identified in the Scope 3 Standard, and a description of the activities included in the emissions inventory.
2) Quantification and accounting methods and the data types used.
3) The sum of Scope 3 GHG emissions generated during the reporting period expressed in metric tons of CO2 equivalent.
4) Explanation for any emissions excluded from the Scope 3 category in accordance with section 960XX.
5) The percent of emissions calculated using primary data obtained from suppliers or other members of the value chain, and identification of the quantification method used for the emissions calculated with that primary data. Reporting entities may use industry average data or spend-based methods to estimate upstream lifecycle GHG emissions, consistent with the Scope 3 Standard, Chapter 7.

Scope 3 Standard, Chapter 7 (p. 75); Chapter 11 (p. 119)

Proposed Assurance Requirements

SB 253 (HSC § 38532)

Proposed Limited Assurance Requirements

Clarity for California Regulatory Context

Applicability. Beginning with reports submitted in 2027, a reporting entity subject to Health and Safety Code section 38532 shall obtain a limited assurance engagement of its disclosed Scope 1 and Scope 2 GHG emissions, including biogenic CO_2 emissions as defined in section 960XX from an independent third-party provider that meets the requirements of subdivision 960XX. An assurance engagement performed at a reasonable assurance level satisfies the limited assurance requirement of this section.

Proposed Assurance Standards

Clarity for California Regulatory Context

Assurance Standards. The limited assurance engagement shall be conducted in full conformance with one of the following standards, including all requirements each standard imposes on aspects including but not limited to engagement scope, methodology, provider qualifications, evidence gathering, independence, oversight mechanism and reporting:

1) AA1000 Assurance Standard (AA1000AS v3).
2) American Institute of Certified Public Accountants (AICPA AT-C Section 210).
3) International Standard on Assurance Engagements (ISAE) 3410 applied in conjunction with ISAE 3000 (Revised), for engagements commencing prior to December 15, 2026.
4) International Standard on Sustainability Assurance (ISSA) 5000 for engagements commencing on or after December 15, 2026.
5) International Organization for Standardization (ISO) 14064-3:2019 (with additional accreditation requirements).

Proposed Assurance Report

Clarity for California Regulatory Context

Assurance Report. The assurance provider shall issue and submit a written report that:

1) Identifies the assurance standard applied and the level of assurance provided.
2) Identifies the Scope 1 and Scope 2 emissions covered by the engagement.
3) States the assurance provider's conclusion.
4) Identifies the legal name of the organization that conducted the assurance engagement and contact information for the assurance provider including email, telephone number, and business address.
5) States the date the assurance engagement was completed.

Exemptions and Economic Analysis Updates

Proposed Insurance Company Applicability

- The initial regulation, approved by the Board in February 2026, exempted insurance companies from 2026 GHG emissions reporting to avoid duplication with parallel reporting required by the California Department of Insurance (CDI).

- Board Resolution 26-1 directed CARB staff to further investigate the alignment between CDI disclosures and greenhouse gas disclosures required by SB 253. Staff found that CDI reporting may not satisfy the requirements of SB 253 in future years (starting with 2027), as it does not include Scope 3 or assurance requirements.

- Beginning in 2027, staff propose that insurance entities may submit the same report to satisfy both CDI and SB 253 requirements, provided it meets reporting requirements under CARB's regulation implementing SB 253. If a CDI report does not address all CARB requirements, reporting entities must supplement their report with the remaining required information.

Economic Analysis Feedback and Updates

- Staff received a variety of feedback on cost estimates following the March workshop from potential reporting entities, third-party service providers, and other practitioners. Feedback on CARB's analysis ranged from costs being underestimated, to cost estimates being in line with actual costs, to overestimated.
- Commenters expressing concern about underestimated costs primarily referenced the cost of Scope 3 emissions accounting and the cost of assurance engagements.
- Some commenters also noted potential sources of cost overestimation, as Staff's preliminary analysis does not account for cost savings from rapid technological advances, or reflect the cost savings of high interoperability between CARB's reporting program and other existing frameworks.
- Some commenters also noted that there are significant benefits from reporting that CARB did not compare against costs, including financial benefits for companies disclosing emissions.

Economic Analysis Feedback and Updates

- Staff recognize that compliance costs will be highly variable across entities, and may depend on:
  - Size, complexity, and sector-specific considerations
  - Existing regulatory requirements to report similar data to other government agencies
  - Existence or rigor of existing systems, in-house expertise, and protocols for voluntary reporting
  - Experience and access to cost-competitive assurance providers
  - Experience with any subset or full reporting of Scope 3 categories
- These variables are reflected in the range of cost estimates from industry and practitioner surveys that have informed economic analyses of mandatory disclosure programs, including the SEC and CSRD
- Staff acknowledge there may be some uncertainty with relying on these existing cost analyses and surveys from subsets of entities, particularly for staff's unique Scope 3 phase-in option
- For entities not currently reporting, there may be uncertainty not captured in existing analyses about how companies are still preparing for mandatory reporting given the general rollback of federal support for environmental and climate initiatives

Economic Analysis Feedback and Updates

- Based on stakeholder feedback, staff have reviewed cost analyses from other jurisdictions, and industry surveys submitted during the March 2026 workshop public comment period.
- The range of compliance costs considered by SEC included costs related to the collection and reporting of GHG emissions data, including investments in the development and maintenance of information systems, staffing, and governance protocols for ongoing reporting.
- In response to feedback that Scope 3 costs may be underestimated in the SEC analysis, staff uses the upper bound of reporting cost estimates (rather than the midpoint) and assumes all costs were *ongoing*, to account for the higher Year 1 *initial* costs that include investment in reporting systems and staff.
- Staff also assumes that compliance costs are entirely due to CARB's program. This 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.

Economic Analysis Feedback and Updates

- Stakeholder feedback also included that in addition to the corporate transparency benefits of more standardized data, studies show that there are also organizational, financial and environmental benefits of non-financial disclosures, which may include:
  - Enhanced supply chain management and traceability
  - Increased investment, firm valuation, and other financial benefits for companies
  - Voluntary reductions in corporate GHG emissions following disclosures

Discussion Questions

CARB is considering the best publicly- available data, and documentation we have received in public comments. As CARB staff analyze the potential impacts of SB 253, we remain open to feedback on specific data and information from stakeholders about potential costs and benefits.

- What cost changes does your business anticipate from making climate disclosures?
- What benefits does your business or organization anticipate from climate-related disclosures?

Next Steps

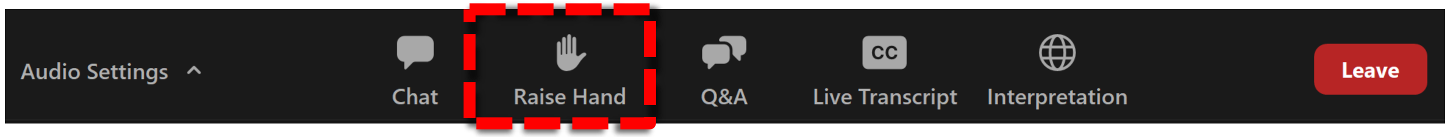
Upcoming SB 253 Listening Sessions

Sign up for email updates to receive registration details when they become available.

August 5	**Data Users & Public Interest Stakeholders**	Data users and public interest stakeholders, including universities, research institutions, NGOs, ESG software providers, consultants, assurance providers, and organizations that analyze or apply climate data to support public accountability, environmental justice, assess community impacts, and share data for public understanding.
August 12	**Manufacturing, Industrial, Fuel & Life Sciences**	Companies engaged in oil and gas, refining, chemicals, metals, construction materials, mineral processing, automotive, aerospace, pharmaceuticals, biotechnology, and medical devices.
August 19	**Agriculture, Food, Beverage & Forestry**	Companies involved in farming, livestock, forestry, food processing, beverages, livestock, agricultural products, tobacco, and related processing with significant land sector emissions.
August 26	**Energy, Utilities, Transportation, Logistics & Waste Management**	Companies involved in generating electricity, renewable energy, water and gas utilities, transportation, freight, airlines, rail, shipping, waste management.
September 2	**Retail, Consumer Goods, Technology & Commercial Services**	Companies engaged in retail, apparel, wholesale, e-commerce, software, semiconductors, telecommunications, media, entertainment and gaming, real estate, hospitality, construction services, and professional services.
September 9	**Banking, Finance & Insurance**	Companies involved in banking, insurance, asset management, investment, fintech, credit union services, asset management and private equity; capital markets, non-bank financial institutions, and other investors.

Feedback and Questions

1. Feedback and questions will be taken virtually through Zoom
2. Raise Hand
3. Zoom phone participants may dial #2 to "Raise your Hand"
4. The facilitator will inform Zoom phone participants when they are unmuted during Public Comment.
5. Dial *6 to mute or unmute.
6. Staff will make every effort to call on attendees in the order they raise their hand on Zoom.



Continued Engagement

- We value your feedback – stakeholder input is critical to shaping this program.
- Written comments on workshop materials may be submitted to ClimateDisclosure@arb.ca.gov.
- Sign up with the listserv to stay engaged and be notified of future public workshops and updates.
  - Go to our website and click "Subscribe" on the left-hand navigation.
- Questions or Comments? Contact us at: ClimateDisclosure@arb.ca.gov

UNITED STATES COURT OF APPEALS

FOR THE NINTH CIRCUIT

FILED

NOV 18 2025

MOLLY C. DWYER, CLERK
U.S. COURT OF APPEALS

UNITED STATES OF AMERICA CHAMBER OF COMMERCE; et al.,

Plaintiffs - Appellants,

v.

LIANE M. RANDOLPH, in her official capacity as Chair of the California Air Resources Board; et al.,

Defendants - Appellees.

No. 25-5327

D.C. No.
2:24-cv-00801-ODW-PVC
Central District of California,
Los Angeles

ORDER

The motion for injunction pending appeal (Dkt. No. 6) is **GRANTED IN PART** and **DENIED IN PART**. The motion is granted as to the enforcement of Senate Bill 261 and denied as to the enforcement of Senate Bill 253.

FOR THE COURT:

MOLLY C. DWYER
CLERK OF COURT

Gavin Newsom, Governor
Yana Garcia, CalEPA Secretary
Lauren Sanchez, CARB Chair

ENFORCEMENT ADVISORY
Climate-Related Financial Risk Reporting (SB 261)
December 1, 2025

On November 18, 2025, the Ninth Circuit Court of Appeals issued an order in Chamber of Commerce v. Sanchez, Case No. 25-5327 (9th Cir. 2025), granting an injunction against the enforcement of Senate Bill (SB) 261 (Stern, Stats. 2023, ch. 383, codified in Health and Safety Code section 38533) during the pendency of appellate proceedings in that matter. Argument in that appeal is set for January 9, 2026, after the January 1, 2026, reporting deadline set by section 38533.

In light of the Court's order, CARB will not enforce Health and Safety Code section 38533 against covered entities for failing to post and submit reports by the January 1, 2026, statutory deadline. CARB will provide further information—including an alternate date for reporting, as appropriate—after the appeal is resolved.

For entities that may choose to report voluntarily at this time, CARB will open a docket starting December 1, 2025, as CARB indicated in its November 18, 2025, workshop.