

Beveridge & Diamond P.C. (Eric Christensen)

Public comment on CARB's Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure initial regulation.

February 09, 2026

To: California Air Resources Board

From: Beveridge & Diamond P.C.

Re: Public Comments to Proposed California Corporate Greenhouse Gas Reporting and Climate-Related Financial Risk Disclosure Initial Regulation

To Whom it May Concern:

Thank you for the opportunity to provide comments in response to the California Air Resources Board's (CARB) solicitation of public comments on the proposed initial regulations for the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261).

We respectfully request that CARB consider the following comment as it moves forward in the rulemaking process.

Comment: Limiting Greenhouse Gas (GHG) Emissions Disclosure to “Material” Emissions

SB 261

CARB should limit GHG emissions disclosures under SB 261 to emissions that create a material financial risk to the reporting entity. This limits disclosures to information that is useful for investors, consistent with SB 261's intent to inform investors of climate-related business risks. This approach also aligns with the Securities and Exchange Commission's (SEC) approach in its climate-related financial disclosure rule. In adopting its final climate-related disclosure rule, the SEC changed course from the proposed rule and only required the disclosure of Scope 1 and Scope 2 emissions if the emissions are material.¹

¹ [The Enhancement and Standardization of Climate-Related Disclosure for Investors](#), Final Rule, p. 244.

The SEC explained that a registrant should “apply traditional notions of materiality under the Federal securities laws when evaluating whether its Scope 1 and/or 2 emissions are material. Thus, materiality is not determined merely by the amount of these emissions.”² The SEC reminded registrants that the guiding principle for a materiality determination under the Federal securities laws is “whether a reasonable investor would consider the disclosure of an item of information, in this case the registrant’s Scope 1 emissions and/or its Scope 2 emissions, important when making an investment or voting decision or such a reasonable investor would view omission of the disclosure as having significantly altered the total mix of information made available.”³

We recommend CARB take a similar approach to emissions disclosure under SB 261. We acknowledge CARB’s guidance that for the initial reporting period, reporting entities are not required to disclose Scope 1 and 2 emissions. For future reporting periods, we recommend CARB limit the required emissions disclosures to those that are material under the standard of materiality applied to financial disclosures. Doing so would ensure disclosures are relevant and actionable, and consistent with the purposes of SB 261.

SB 253

Similarly, we recommend CARB limit emissions disclosures under SB 253 to material emissions. Materiality in this context could be defined by setting an emissions threshold, similar to both California’s GHG Reporting program and the federal GHG Reporting program.⁴ Both of these programs require covered facilities to report GHG emissions if emissions exceed 25,000 metric tons of CO₂e.⁵ CARB could adopt a similar threshold, meaning only those who have emissions that exceed 25,000 metric tons of CO₂e would be subject to SB 253 reporting requirements. This would create consistency across the different GHG reporting frameworks and would align with the statute’s intent of seeking comprehensive data on GHG emissions in California and mitigating the state’s climate risk.⁶

It would also target the most significant emitters, while minimizing the reporting burden on entities with emissions that do not meet the standard for significance under related GHG reduction frameworks. As CARB acknowledges, the Cap-and-Invest Program covers about 80% of the state’s GHG emissions. Quantifying the contributions from the remaining 20% of sources likely would contribute little to advancing the goals of SB 253 since these

² *Id.* at 245.

³ *Id.* at 245-246.

⁴ CARB [California Mandatory GHG Reporting](#); Environmental Protection Agency, GHG Reporting Program,

⁵ EPA GHGRP, [What is the GHGRP?](#); CARB [Guidance for California’s Mandatory Greenhouse Gas Emissions Reporting](#).

⁶ [SB 253, Section 1\(g\), \(h\)](#).

sources are predominantly small and the burdens of reporting cannot justify the additional informational accuracy that might result.

Many companies will spend significant time and money mapping and calculating their emissions, particularly Scope 3 emissions. Limiting emissions disclosures to material emissions will align with CARB's effort to "design these programs to be the least burdensome" and could decrease costs for reporting businesses, particularly for those who've determined that they do not face material risk from its GHG emissions.⁷

We also recommend that CARB define the materiality of GHG emissions that an individual reporting entity must include in quantifying its GHG emissions. The International Standards Organization (ISO) has developed standards for defining the GHG footprint of organizations and facilities and those standards make clear that an organization may exclude non-material sources of GHG emissions from its emissions assessment.

Specifically, ISO 14067, which sets forth an accepted methodology for assessing carbon footprints, specifies that a carbon emissions assessment should include only significant sources of GHG emissions and that the study should include criteria specifying thresholds for identifying significant emissions sources and excluding those that are not significant sources.⁸ ISO 14044 provides useful guidance for cut-off criteria that allows insignificant sources of GHGs to be omitted from GHG footprint calculations based on mass, energy or environmental significance.⁹

These ISO criteria provide a useful model for CARB to obtain a complete and accurate accounting of GHG emissions in California while excluding insignificant GHG sources, which will help mitigate the burden of GHG reporting under SB 253.

Thank you for your consideration.

Sincerely,



Eric Christensen

⁷ CARB [California Corporate Greenhouse Gas \(GHG\) Reporting and Climate Related Financial Risk Disclosure Programs](#).

⁸ ISO 14067, 5.7 & 6.4.3.4.

⁹ ISO 14044:2006(E), 4.2.3.3.3.