

Chair Liane M. Randolph  
California Air Resources Board  
1001 I Street  
Sacramento, CA 95814

5 February 2026

**Re: Comments on Initial Proposed Regulation for SB 253 and SB 261**

*Submitted via CARB public docket*

Dear Chair Randolph and Members of the Board,

Watershed appreciates the California Air Resources Board's continued leadership in implementing the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261). We support both the purpose of these statutes and CARB's decision to move forward with implementation in 2026 through the initial proposed rulemaking.

Watershed is a global climate platform supporting 700+ organizations to measure, disclose, and manage greenhouse gas emissions and climate-related risks in line with global standards. We work with hundreds of companies already preparing for compliance with California's requirements alongside other mandatory and voluntary regimes. Our comments below reflect what we see working in practice as disclosure shifts from voluntary to mandatory.

Overall, we welcome CARB's staged approach: establishing administrative foundations now, while reserving substantive reporting requirements for future rulemaking. We have provided specific comments on individual points, based on priority.

**1. Reporting deadline for emissions:** Watershed supports CARB's proposed August 10, 2026 deadline for first-year Scope 1 and Scope 2 reporting under SB 253.

In our experience, initial disclosure of Scope 1 and 2 emissions is achievable within this timeframe for large companies, particularly where reporting is based on best-available data rather than fully assured, audit-ready outputs. Year one should focus on establishing a credible baseline and normalising emissions disclosure as a standard corporate obligation. Practical challenges in 2026 are better addressed through clear enforcement guidance and flexibility, rather than by delaying the reporting deadline itself, which risks undermining momentum and creating incentives for further deferral.

Looking ahead, we support CARB considering greater flexibility in future reporting cycles once baseline disclosure is established. As assurance requirements expand and Scope 3 reporting is phased in, moving reporting deadlines towards later in the calendar year may be appropriate. Providing clarity on the intended evolution of reporting timelines beyond 2026 would help companies plan investments in systems, controls, and assurance in a predictable and orderly way.

**2. Enforcement discretion and first-year clarity:** we support CARB's intent to exercise enforcement discretion in 2026, though the current guidance would benefit from greater clarity.

As framed today, expectations risk being uneven: companies that began preparing early appear more clearly obligated to submit, while those that delayed may effectively face no expectations in year one. Similarly, it remains unclear whether assurance is optional for all, or expected if received before, creating uneven reporting obligations.

We encourage CARB to provide clear, written guidance on:

- What constitutes a good-faith submission in 2026;
- Whether assurance is optional for all companies; and
- How expectations will be applied consistently across reporting entities.

**3. Applicability and exemptions:** we encourage CARB to reconsider a blanket exemption for insurance companies under SB 253.

While insurers are subject to other climate-related disclosure requirements, those frameworks do not consistently deliver comprehensive emissions transparency—particularly for indirect (Scope 3) emissions, which often represent the majority of insurers’ climate impact. Exempting insurers from SB 253 risks leaving a material gap relative to the statute’s objectives.

Thank you for consideration of these comments. We support the work CARB is doing, appreciate the opportunity to participate in the rulemaking process, and remain available to support CARB’s ongoing work.

Rob Chesnut  
General Counsel, Watershed