

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

11 September 2025

Re: Public comments on implementation of SB 253, SB 261, and SB 219

Submitted via CARB public docket

Dear Chair Randolph and Members of the Board,

Watershed appreciates the California Air Resources Board's leadership in implementing SB 253 (Climate Corporate Data Accountability Act), SB 261 (Climate Related Financial Risk Act), and SB 219. We support the Legislature's and CARB's aims to deliver credible, decision-useful disclosures that help investors, customers, and communities manage climate risk and accelerate real-economy decarbonization.

Watershed is a global climate platform that helps organizations measure, disclose, and manage greenhouse gas emissions, and climate-related risks, in line with global standards. We work across sectors and geographies, and our recommendations reflect what we see internationally working in practice for companies preparing for interoperable reporting.

Executive summary

- We support CARB's principled, pragmatic implementation of the "200s."
- Interoperability should be the north star: accept recognized frameworks (GHG Protocol, TCFD/ISSB, CSRD/ESRS) to minimize duplication and cost.
- Keep reporting simple and standardized: lean, GHG Protocol-aligned templates for SB 253; a "comply or explain" approach aligned with TCFD/ISSB pillars for SB 261.
- We do not see emissions tracking as a significant economic burden when aligned with global standards, based on our work with hundreds of companies.
- Align content and assurance work with data cycles while maintaining statutory publication dates; phase Scope 3 sensibly.
- Enable simple, open submissions (public link-based docket) and allow parent level consolidation with a clear process to confirm applicability.

Our recommendations

1. Prioritize interoperability, which will allow immediate compliance with robust results.
 - a. Enable "substituted compliance" by accepting reports prepared under widely recognized regimes where they meet California's statutory content.
 - b. Accept TCFD or ISSB/IFRS S2-aligned climate risk reports for SB 261, including CSRD/ESRS reports and TCFD-aligned CDP disclosures.
 - c. Anchor SB 253 emissions reporting in the GHG Protocol (with equivalent programs recognized), avoiding California-specific deviations that could fragment reporting.
 - d. A clear public crosswalk that maps California requirements to TCFD/ISSB and CSRD/ESRS would reduce duplication, costs, and uncertainty for reporters and users of information.

2. Keep the core reporting simple and standardized:
 - a. SB 253: Use a lean core template for Scopes 1 and 2 that mirrors GHG Protocol and IFRS S2 data elements, with space for methodology notes and boundaries. Phase Scope 3 starting in 2027 and consider focusing on material categories first, consistent with the Protocol.
 - b. SB 261: For the first cycle, adopt a “comply or explain” approach aligned to the four TCFD/ISSB pillars (governance, strategy, risk management, metrics & targets), recognizing that emissions metrics sit primarily under SB 253.
3. Align timing with data and assurance reality. Companies typically require around 6 months after fiscal year end to close data and complete limited assurance on Scopes 1 and 2:
 - a. SB 253: A single initial due date in 2026 (e.g. June 30, 2026, as proposed) for Scopes 1 and 2 is workable if aligned with limited-assurance timelines, with Scope 3 phased from 2027.
 - b. SB 261: We support CARB clarifying the reporting period (most recently completed fiscal year), permitting a clear “as-of” date and reasonable data cut-off with optional note of material post-period developments, and confirming the public docket is a link registry that does not change the statutory publication date.
4. Use global assurance norms and phase appropriately:
 - a. Accept commonly used assurance standards (e.g. ISSA/ISAE 3000, AA1000, ISO 14064 3, AICPA), without creating a California-specific accreditation program.
 - b. Maintain limited assurance for Scopes 1 and 2 initially, moving to reasonable assurance on the statutory schedule; retain limited assurance for Scope 3 when introduced, given methodological complexity.
 - c. Where emissions are already verified under existing compliance programs, CARB could recognize that verification to reduce duplicative assurance.
5. Enable simple, open submissions and parent level consolidation:
 - a. Use a link-based submission to publicly accessible reports, with optional machine-readable tagging (e.g. IFRS Sustainability Disclosure Taxonomy/XBRL) over time rather than as a day one mandate.
 - b. Allow and encourage parent level consolidation to avoid duplicate filings across subsidiaries. Publish a preliminary in-scope list and a transparent correction process that clarifies ultimate responsibility rests with in-scope entities.
6. Provide clarity on applicability using existing definitions
 - a. For “doing business in California” and revenue, leverage existing California definitions and public data sources to maximize predictability and ease of administration. Clear, practical definitions will reduce disputes and help companies mobilize resources efficiently.
7. Optional, transparent treatment of market-based instruments
 - a. If companies choose to disclose investments in offsets or other market-based instruments, keep those separate from gross emissions required under SB 253, and encourage third-party verification consistent with AB 1305. This preserves the integrity of emissions inventories while improving transparency on mitigation claims.

California's leadership has catalyzed progress in climate transparency. By prioritizing interoperability, simplicity, and practical timing, CARB can deliver high quality, comparable disclosures while minimizing compliance burden, benefiting reporters, investors, and the broader market.

We appreciate CARB's workshop series, which are helping stakeholders engage constructively under tight timelines. We remain ready to partner with CARB, sharing aggregated insights from our work across sectors, participating in technical sessions, and supporting pragmatic implementation.

Thank you for the opportunity to comment and for your continued leadership.

Barnaby Lynch
Watershed