



October 27, 2025

Chair Lauren Sanchez
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Scope 1 and Scope 2 Emissions Draft Reporting Template for California Corporate Greenhouse Gas Reporting Program

Dear Chair Sanchez and Staff,

Ceres appreciates the opportunity to comment on the draft reporting templates for Scope 1 and Scope 2 greenhouse gas (GHG) emissions that the California Air Resources Board (CARB) posted on October 10, 2025. Noting that reporting entities' use of the template is voluntary for the 2026 reporting cycle, we nonetheless value CARB's efforts to streamline reporting and solicit public input on the structure and substance of the template.

Part 1: Comments on draft template

Ceres received feedback from several companies on the draft reporting template. The companies welcomed the release of the template, and while they identified several areas for refinement, they agreed that the template will prove useful to reporting entities as CARB continues to develop regulations. This is a promising step towards the effective implementation of SB 253.

Presented below are several areas for technical improvement for which there were overlapping comments from companies. Other miscellaneous suggestions are included in Appendix A.

1. Permit use of latest IPCC values (AR6) and have companies disclose which version they use.

- a. The draft reporting template would require companies to disclose emissions utilizing AR4 global warming potential (GWP) values. Several companies reinforced that the GHG Protocol and several leading climate disclosure standards, including the ISSB Standards, reference the most recent IPCC Assessment Report values, namely AR6. There was consensus that companies should have flexibility to report emissions using the GWP values aligned with their corporate footprints, and that as a general best practice, the most up-to-date GWP values should be used. Referencing outdated AR4 values would threaten to diminish the interoperability of SB 253 and create new reporting burdens.

2. Differentiate between market-based and location-based Scope 2 emissions.

- a. Companies strongly recommended that location-based and market-based reporting should be separate line items across all relevant responses, since they provide consumers of the disclosures with different, important information.

- i. Missing disclosure lines for “Scope 2: Total indirect emissions from Purchased Electricity (in mtCO₂e)” (lines 54-58). Note that there should be two separate lines added, one each for location-based and market-based emissions.
 - ii. Where applicable in optional disclosure fields relating to Scope 2, ask reporting entities to specify whether metrics are calculated using market- or location-based methods.
- 3. Adjust language regarding emissions reductions (currently limited to direct contracts for renewable electricity and renewable gas) to recognize the broader range of contractual instruments companies use to purchase renewable commodities and make mitigation claims.**
 - a. For the Emissions Reductions fields (lines 72-75), there should be further definitions and guidance, as well as expanded options. For instance:
 - i. How is CARB defining “direct contract”? The term is narrow and does not acknowledge the range of contractual market-based instruments that companies use to purchase commodities and make claims.
 - ii. Is CARB seeking to quantify only contracted emission reductions, or the full portfolio of activities companies take to reduce their emissions over time? If the latter, fields including energy efficiency, building/process electrification, vehicle electrification, hybridization, and fuel-switching would also be worth including.
 - iii. Note that emissions reduction figures are requested as mtCO₂ rather than mtCO₂e. Emissions reductions from the use of biogenic fuels would typically be captured as mtCO₂, but reductions from renewable electricity would be mtCO₂e.
 - b. *CARB could reference external guidance to help companies identify acceptable, third party-assurable methodologies for calculating the quantity of emissions reductions. For more information, please refer to the second part of this submission (“Part 2: Voluntary mitigation reporting”) below.*
- 4. Permit flexibility for reporting entities’ selection of organizational boundaries; allow equity share, operational, or financial control approaches. Also, provide clarity and flexibility on subsidiary reporting question.**
 - a. Companies should be permitted to select equity share, financial control, or operational control boundaries, as permitted by the GHG Protocol. Requiring a single approach could impede companies’ ability to rely on existing inventories disclosed to meet other reporting standards, including the EU Corporate Sustainability Reporting Directive (CSRD) and IFRS S2.
 - i. CARB’s second highlighted issue for stakeholder feedback in the memo accompanying the draft template says, “CARB is evaluating whether to limit the approach to identify organizational boundaries for all reporting entities or retain flexibility to accommodate diverse corporate structures.” Companies expressed concern about the prospect of CARB requiring a specific organizational boundary; they worry that CARB will introduce a

unique set of requirements for emissions accounting and reporting that will deviate from other regulations and standards and create more complexity for reporters.

- b. Clarification is needed on subsidiary reporting. Is line 27 related to emissions or financial reporting? It would be best to specifically clarify how the reporting is being submitted and allow companies to select from a dropdown: consolidated, subsidiary, or legal entity.

5. Avoid establishing novel materiality thresholds.

- a. Consistent with the broader focus on interoperability, companies emphasized that they rely on widely used definitions of materiality in disclosure standards such as the ISSB Standards and the EU CSRD. They ask that CARB consider allowing companies to disclose the materiality thresholds they use.

6. Clarify alignment with California’s Mandatory Reporting Regulations (MRR).

- a. Companies questioned why California MRR facility ID numbers are required in line 71; they asked why this information is needed (“if linking EPA regulations, does this now replace those filings?”), and requested that CARB avoid creating facility-level reporting obligations.

7. Certain fields should be allowed to be left blank or include an “n/a” option; free text responses should be permitted for other fields. Other rows need minor technical corrections.

- a. For all the Inventory Boundary questions that have a “Yes/No” dropdown response, is CARB considering adding an “n/a” option, or an opportunity to further explain the response? A “No” response could be interpreted as an exclusion, rather than an indication that the field is not relevant (or not material) to the business and therefore not included in the reporting boundary. Drop down yes/no options could lead to inaccurate reporting.
- b. If companies do not have specific breakdowns of the requested data, is it acceptable to leave fields blank? Examples: “Scope 1: Fugitive Sources” (line 50), “Scope 2: Purchased/Acquired Cooling” (line 57).
- c. The draft template only allows users to select one source of emission factors for Scope 1, whereas multiple sources may be selected for Scope 2 (lines 62 and 65). Consider allowing a free text response for both Scopes 1 and 2 emissions factor sources.
- d. There are duplicative rows (agricultural sources, intensity, biogenic CO₂) that appear as both required and optional.

8. The optional reporting section for base year disclosure gives the appearance that CARB is focused on target-setting, not merely on emissions disclosure.

- a. While noting that these fields are optional, companies requested additional context for the inclusion of “base year” fields, including advice on why and under what circumstances companies should supply that information.

9. There is some confusion around CARB’s expectations for reporting on biogenic emissions.

- a. Companies requested further clarification on CARB’s expectations for reporting biogenic emissions; should those emissions be included as part of Scope 1 (not recommended) or reported as “Out of Scopes” emissions (recommended)? Companies noted that the GHG Protocol has companies disclose biogenic emissions separately from emissions scopes.
 - i. Current phrasing (line 61) using “Scope 1 biogenic direct emissions” is confusing.
 - ii. Note that on lines 43 and 44, the draft template asks separately about Direct and Indirect Biogenic emissions but only requests a value for Direct Biogenic emissions (line 61), which seems inconsistent.

Part 2: Voluntary mitigation reporting

In a March 2025 [response](#) to CARB’s solicitation for public input on the implementation of SB 253 and SB 261, as amended by SB 219, Ceres and other organizations argued that voluntary corporate climate mitigation actions “are not captured consistently in company greenhouse gas inventories due to a lack of clear inventory accounting guidance.” Specifically, the GHG Protocol—recognized in CA Health & Safety Code § 38532 as the standard by which reporting entities must measure and report their GHG emissions—does not provide detailed guidance on quantifying or characterizing mitigation impacts from market-based instruments, nor does it provide a standardized reporting template to transparently communicate important details about those instruments. As we wrote in March, CARB therefore has an important opportunity to “improve the transparency and comprehensiveness of corporate climate reporting by enabling companies to report on the full suite of actions and instruments they are using to address their climate impact and mitigate climate risks.”

It would be logical for a company to disclose its investments in voluntary carbon credits and other market-based instruments alongside its GHG emissions inventory, so that consumers of the disclosures can view the two in parallel. CARB acknowledges this in its draft Scope 1-2 reporting template, explaining in the accompanying [memo](#):

At the August 2025 workshop, staff discussed including an option for reporting entities to include other actions that reduce GHG emissions. The draft template includes a field for emission reductions associated with direct contracts for renewable electricity and renewable gas. Staff are seeking public input on this field and other types of emission reduction initiatives or targets that should be included in the Scope 1 and 2 reporting template.

We recognize that this draft template is limited to Scope 1 and 2 reporting for the 2026 reporting cycle, and that guidance for Scope 3 reporting is forthcoming. Some of our comments may be beyond the scope of this current reporting template, and our hope is that this feedback will help inform the development of future guidance.

In recognizing only those emissions reductions associated with direct contracts for renewable electricity and renewable gas, the draft reporting template fails to recognize and provide reporting guidance for most of the wide range of market-based instruments that companies increasingly use to meet voluntary climate targets. These instruments are frequently used to mitigate Scope 3 emissions, or to mitigate climate impacts and risks outside a company's direct GHG inventory. As CARB develops further guidance and refines its reporting templates for all emissions scopes, it should clarify what information reporting entities should provide regulators to verify and credibly substantiate the climate impacts achieved through market-based instruments, including guidance on how to relate those investments to the company's inventory or impact ledgers.

CARB can ensure that companies transparently and consistently characterize their use of market-based mitigation instruments by incorporating or endorsing recognized sources of target accounting guidance. Such guidance may also support compliance with other California reporting requirements, especially AB 1305. **This guidance is now available; it was issued by the Task Force for Corporate Action Transparency (TCAT), launched in September 2025.**

- TCAT's Mitigation Action Accounting and Reporting Guidance (MAARG) provides a framework for transparently quantifying and disclosing all market instruments and strategies a company uses to mitigate its climate impacts and reduce risk.
- The accompanying Target Accounting and Reporting Guidance (TARG) provides a comprehensive, multi-sheet reporting template that integrates emissions data as requested in CARB's draft template with detailed, instrument-specific information to ensure integrity in the reporting of mitigation actions and target commitments achieved through market instruments.

Ceres is among the non-governmental organizations (NGOs) that have [endorsed](#) TCAT's two initial guidance documents. Ceres and other NGOs have also been clear in [prior submissions](#) that CARB could consider setting forth this sort of disclosure guidance for companies' voluntary use; as Ceres said in its [consultation submission](#) in March:

Ceres emphasizes that any reporting on companies' investments in offsets or credits as a component of these climate disclosure laws should be optional, and that companies may not use such investments to 'net out' their gross emissions inventories... With that said, as the VCM continues to grow rapidly, disclosure regulations can help raise the integrity bar on the supply of these instruments and create greater clarity for companies on which investments are legitimate.

Several leading companies are now piloting TCAT's draft guidance documents, with a second pilot phase and public consultation to follow in 2026.

We hope you consider this new guidance as you work to develop and refine reporting templates for Scope 1-3 emissions in coming months. More detailed recommendations are included as Appendix B to this comment.

Sincerely,



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Director, Climate Financial Regulation
Accelerator for Sustainable Capital Markets
Ceres

Appendix A: Miscellaneous questions and recommendations from individual companies

- How is “Trade Secret” defined? (line 2)
- Define or clarify what details need to be provided for exclusions (line 46)
- Generally, the template is lacking in clear definitions of terms such as “exclusions,” “obligated entities,” and “emissions reductions”
- Missing a disclosure line for “Scope 1: Total direct emissions from Stationary Combustion (in mtCO₂e)” (lines 47-51)
- Emissions intensity per million dollars in revenue: why is this relevant? Further details and/or guidance should be provided in order to calculate (e.g., is this based on California revenue? Global? How is revenue defined?) (lines 51 and 58)
- Suggest removing the word “all” for third-party verification, as most assurance providers stay away from this terminology. Consider using the GHG Protocol stance that uses “material” and is typically set at 5 percent (lines 52 and 59)
 - Suggested re-phrase: “Please confirm that material Scope [1 or 2] emissions have been assured at the limited assurance level”
- Suggest removing the requirement to select the year for the source of emissions factors, as these could vary across sources. Consider the option of allowing companies to link/reference their assurance statement (line 63)
- Suggest changing the GWP factor response to a multi-select dropdown (line 66)
- Suggest breaking out the description of the calculation approach to align with the reported scopes and subsections. This likely varies across a company’s inventory and would be difficult to capture in one line (line 67)
- Process-specific calculations may be proprietary and should not be required (line 68)
- Will there be requirements for companies to attach their assurance statement, auditor, and/or review period?
- What are the expectations for completion of the optional fields? (lines 77-179)

Appendix B: Specific recommendations for incorporation of TCAT guidance in future reporting templates

1. ***Provide guidance for companies to voluntarily report their use of market-based instruments.*** Because the GHG Protocol currently lacks detailed guidance on the quantification, use, and reporting of GHG mitigation activities achieved through market instruments beyond Scope 2, and because the Protocol is under revision through a stakeholder process that organizers do not anticipate concluding before 2028, companies face significant uncertainty that is likely inhibiting voluntary corporate action. Companies need third-party, assurance-ready guidance they can use to credibly and transparently report their emissions and their mitigation actions in the meantime.

To address this gap, TCAT sets forth guidance aimed at helping a reporting entity affirm that a mitigation action is additional and that the climate impacts are attributable to the entity's actions alone. While we recognize that CARB will produce Scope 3 emissions and mitigation reporting guidance in forthcoming consultations, we hope the agency will reference TCAT's Mitigation Action Accounting and Reporting Guidance (MAARG) as soon as possible as an optional source of guidance for reporting companies. That way, companies that want to voluntarily report their use of market instruments to mitigate emissions will have a standard that helps ensure such reported actions are clearly and transparently disclosed.

2. ***Clarify what voluntary reporting information should be included to fully substantiate the use of market instruments to mitigate climate risk.*** TCAT has developed and published the MAARG for companies to report on the widest range of instruments and strategies currently used to mitigate climate impacts and reduce risk. TCAT's guidance is interoperable and complementary to existing emissions reporting frameworks, including the GHG Protocol, but it fills critical accounting and reporting gaps in existing guidance.

In addition to providing a test to demonstrate additionality, the MAARG instructs reporting companies to use a set of logic-based tests to determine value chain association; whether an action can be reflected in the company's inventory; and what type of underlying GHG accounting is appropriate for a given mitigation action. Meanwhile, the TARG provides a detailed list of descriptive data customized by instrument type, which reporting companies should use to ensure transparency, verifiability of claims, and credible documentation of contractually secured emissions reductions.

TCAT guidance is [publicly available](#), ready to use now, and includes five detailed reporting templates that are inclusive of both the basis of reporting data contained in CARB's draft template, and the extra data companies should report to communicate their mitigation actions transparently and consistently. It is also designed to be verified by third-party assurance providers.

3. ***Encourage the reporting of mitigation actions that occur outside the company's GHG inventory.*** Because CARB is bound by the statutory text of SB 253 to reference only the

GHG Protocol as an eligible framework to organize disclosures, current guidance limits reporting on the use of market-based instruments to only renewable energy certificates, which would be disclosed in a company's Scope 2 market-based report. This limits the recognized use of market instruments to RECs alone.

However, many of the most significant opportunities to achieve impacts involve actions that cannot be reflected in a company's inventory. To meet the goals of the statute, CARB should permit voluntary reporting by covered entities of the use of all market-based instruments, making use of both attributional and consequential accounting methods.

Data and reporting tools prescribed by existing accounting guidance to calculate Scope 3 emissions may not be sensitive to market-based mitigation actions; a reporting entity may not know the identity of a supplier or may change suppliers regularly. The GHG Protocol has no provisions for these common scenarios. In the MAARG, TCAT provides a multiple ledger reporting framework that provides for a range of mitigation action and accounting methods, creating consistency for companies while maximizing transparency for regulators and advocates who need to evaluate the credibility and veracity of corporate claims. The MAARG also includes detailed guidance on the use of both attributional and consequential accounting methods; a logic-based system for deciding which approach should be used; and a clear reporting system that ensures reviewers and stakeholders can readily review actions taken using both approaches.

4. ***Facilitate transparency, comparability, and confidence through detailed disclosure templates.*** TCAT's TARG provides a comprehensive, multi-sheet reporting template that integrates emissions data with detailed, instrument-specific information to ensure integrity in the reporting of mitigation actions and target commitments achieved through market instruments. The worksheets document relevant project information, underlying methodologies, temporal and geographic boundaries, emissions factors, and other data used to substantiate target progress reporting.

We propose CARB reference and affirm the eligibility of these reporting templates to enable consistent disclosure and third-party assurance of corporate climate performance. These Excel-based templates provide a structured framework for setting climate targets, tracking progress, and clearly communicating results.

The TARG builds on a range of existing frameworks, including the Paris Agreement, the Kyoto Protocol, emissions trading systems such as the EU ETS and California's Cap-and-Invest Program, and voluntary systems such as the GHG Protocol. It also incorporates methods from performance benchmarking and regulatory target-tracking approaches. Together, the five reporting elements provide the most robust and transparent accounting systems available for voluntary corporate climate action. Designed to align with prevailing corporate reporting practices, the framework supports both internal decision-making and external assurance. Reports may be published individually or integrated into existing disclosures and can accommodate any fiscal calendar.

TARG's five core reporting elements each serve a distinct purpose:

- i. *Target Commitment Report*: Documents the company's climate target, including its type, expression, scope, boundaries, timeframe, and key assumptions.
- ii. *GHG Emissions Inventory Report*: Establishes base-year emissions using recognized inventory standards.
- iii. *Mitigation Action Report*: Uses a multi-statement reporting template to disclose all GHG-related activities implemented over a select reporting period.
- iv. *Target Accounting Report*: Consolidates eligible emissions and mitigation data from the previous two reports, to track progress over time against the target.
- v. *Target Attainment Report*: Summarizes results from the full target period and provides third party-verifiable evidence that the target has been met.

For reference, please find the TARG template with each of the five aforementioned reports attached alongside this comment letter.