

IETA Comments on CARB's SB 253 Draft Reporting Template

Submitted by IETA on 27 October 2025

For more than 25 years, IETA has been the leading global business voice on robust market solutions to affordably tackle climate change while driving clean finance at scale. IETA represents a diverse group of 330+ members worldwide across a wide range of sectors including industry, finance and investment, project development, assurance, standards setters, law and advisory.

IETA appreciates this opportunity to provide feedback to CARB on the SB 253 Scope 1 and Scope 2 Emissions Draft Reporting Template. Per the accompanying memo for the Scope 1 and Scope 2 Emissions Draft Reporting Template¹, **IETA will respond most substantively to the third area for stakeholder feedback, Emissions Reduction Initiatives, by advocating for including voluntary market-based climate action (Section 1), while reaffirming broader comments (Section 2).**

Section 1: Include Reporting of Voluntary Market-Based Climate Action

The Greenhouse Gas 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. **CARB, therefore, can and should take this as an opportunity to enhance the comprehensiveness and transparency of corporate climate-related reporting by enabling the ability to report on their full suite of market-based actions and instruments to address their climate impacts 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 understanding in the draft reporting template, explaining in the accompanying memo a desire for “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.”

In recognizing only those emissions reductions associated with direct contracts for renewable electricity and renewable gas, **the current draft reporting template fails to recognize and provide reporting guidance for most of the wide-ranging 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.

¹ https://ww2.arb.ca.gov/sites/default/files/2025-10/Draft%20Memo_Scope1%262TemplatePublicRelease.pdf

As further guidance is developed and reporting templates for all emissions scopes are refined, **we encourage CARB to 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 acknowledging robust sources of target accounting guidance for use by reporting entities on a voluntary basis. Such guidance may also support compliance with other California reporting requirements, especially AB 1305. Fortunately, this guidance is now available thanks to the recently launched **Task Force for Corporate Action Transparency (TCAT)**. Specifically:

- TCAT's **Mitigation Action Accounting and Reporting Guidance (MAAG)** provides a framework for transparently quantifying and disclosing all market instruments and strategies a company uses to mitigate its climate impacts and reduce risk.
- TCAT's 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.

IETA hopes CARB will consider this new TCAT guidance for use by reporting entities on a voluntary basis as the work to develop and refine reporting templates for Scope 1-3 emissions continues. We believe this will increase corporate transparency and accountability while reaffirming support for and encourage robust voluntary market-based action.

Importantly, IETA recognizes that this draft template is limited to SB 253 and solely covers Scope 1 and 2 reporting for the 2026 reporting cycle. With the understanding that scope 3 guidance is forthcoming and the work toward implementation of SB 261 and corporate climate risk reporting is ongoing, some of our comments may be beyond the scope of this current reporting template.

Our belief is that **this feedback should help inform final version of this template as well as the development of both SB 253 and SB 261.** Consistent, unambiguous direction from CARB with a view to the rollout of both pieces of legislation is necessary for efficient reporting of corporate emissions portfolios, climate risks, and voluntary market-based climate action considering the significant interactions between SB 253 and SB 261.

Section 2: Overarching Reporting Guidance and Input

IETA remains concerned about growing global fragmentation of climate disclosure rules along with the clear lack of interoperability and consistency across jurisdictions.

To ensure CARB's regulations meet California-specific needs while remaining aligned with evolving external standards, IETA believes that it is **critical that reporting obligations are clearly defined and do not impose unnecessary burden on obligated entities**. In part, this includes relying on established standards, practices (including industry best practices), and methodologies that provide reporters with significant flexibility while avoiding duplication. We continue to hope that CARB maintains regulatory consistency, reduce duplicative reporting, and ensure compliance feasibility as SB 219, SB 253, and SB 261 continue to come into force.

Regarding the draft reporting template, IETA recommends the following:

- Greater flexibility for reporting entities' organizational and reporting boundaries;
- Usage of a definition of "materiality threshold" that aligns with other long-standing disclosure standards (such as definitions used by the ISSB Standards or the U.S. Securities and Exchange Commission, i.e., a matter is material if there is a substantial likelihood that a reasonable investor would consider it important when making an investment decision); and
- Increased clarity on subsidiary reporting by providing flexibility on how information is consolidated and submitted by companies.

By focusing on **practical and investor-relevant disclosures**, CARB can create a regulatory framework that serves California's needs while avoiding excessive compliance burdens, unintended economic consequences, and unnecessary divergence from existing global reporting standards. By and large, IETA finds this draft reporting template to be a positive step toward effective implementation of SB 253.

On behalf of IETA's community representing business members across California and the world, we appreciate this opportunity to provide input on the Scope 1 and Scope 2 Emissions Draft Reporting Template under SB 253.