



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,

The Taskforce for Corporate Action Transparency (TCAT) is an initiative comprising more than 40 organizations including climate-leading corporations and globally recognized environmental NGOs, collaborating to establish credible, practical, third party assurable GHG accounting and reporting guidance that incentivizes much needed climate action. We deeply appreciate California's leadership in setting forth clear rules for GHG accounting and climate risk reporting. The release of the draft template is a constructive first step to providing tools to operationalize reporting and increase transparency and consistency. TCAT is pleased to support this effort and to suggest changes that can further the state's goals.

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, TCAT worked with Ceres and other organizations to argue 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."

CARB acknowledged that companies should be able to disclose their investments in climate mitigation including the use of credits and other market-based instruments as part of their submission. In its accompanying [memo](#), CARB wrote:

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 support CARB's encouragement of voluntary reporting of corporate mitigation activity as part of a company's required disclosure. We encourage CARB to further ensure comparable, standardized, mitigation reporting by referencing existing third party reporting guidance that companies can use to convey critical information regarding their mitigation activities. TCAT's recently released guidance provides one such source that should be an eligible source of guidance given the limitations of the GHG Protocol.

CARB can strengthen incentives for corporate climate action, enhance comparability and transparency in climate risk reporting and build awareness and understanding of corporate based climate risk through the following:

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.

3. ***Encourage the reporting of mitigation actions that occur outside the company's GHG inventory.*** Because the text of SB 253 only references 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 significantly limits the recognized use of market instruments.

However, many of the most significant opportunities corporates have 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.

This requires referencing different guidance and broadening the reporting template to include Scope 3 emissions (we recognize this is potentially an element in future rule making as the Scope 3 reporting deadline is an extra year out). 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. We attach these Excel-based templates for the agency's consideration.

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 reports attached.