



November 21, 2025

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

Submitted Electronically via climatedisclosure@arb.ca.gov

Re: Comment Letter in Response to Draft Reporting Template for Scope 1 and Scope 2 Greenhouse Gas Emissions Pursuant to Health and Safety Code § 38532 and Accompanying Memo

Dear Chair Sanchez:

The Society for Corporate Governance ("Society") submits this letter in response to the California Air Resources Board's ("CARB") request for comments on its draft reporting template for Scope 1 and Scope 2 greenhouse gas (GHG) emissions and accompanying memo ("Memorandum") containing guidance on using the template (collectively, the "Draft Template") under the Corporate Greenhouse Gas Reporting Program authorized by Senate Bill (SB) 253 (Wiener, Stats. 2023, Ch. 382; Health & Saf. Code § 38532), as amended by SB 219 (Wiener, 2024, Ch. 766; Health & Saf. Code § 38532).¹

We appreciate your consideration of this letter after the October 27 public comment deadline. As we noted in our November 6 email to CARB Assistant Division Chief Dr. Sydney Vergis and our October 22 discussion with Senator Henry Stern, we are aiming to provide CARB with thoughtful and practical feedback on the Draft Template through the engagement of our 100-member working group dedicated to this rulemaking process. Allowing robust public feedback on important technical aspects of this rulemaking is essential to the effectiveness of the final regulations. Therefore, we commend CARB's commitment during the November 18 workshop to continue to accept and review feedback on the Draft Template from stakeholders like the Society that have dedicated significant effort to developing a constructive and in-depth response.

¹ References to SB 253 and SB 261 are to their amended versions per SB 219. This letter also references California Health & Safety Code § 38532 and 38533, in which SB 253 and SB 261 are respectively codified. The comments and recommendations in this letter supplement those in our prior submissions to CARB, which consist of the following:

- [Society Comment Letter: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by Senate Bill 219](#) | March 2025
- [Society Recommendations for CARB's Consideration for August 21, 2025, Public Workshop](#) | ["Doing Business in California" Decision Trees](#) | [Enforcement Relief Table](#) | August 2025
- [Society Letter to CARB: Feedback on August 21, 2025 Public Workshop](#) | August 2025
- [Society Letter to CARB in Response to Request for Comments Following August 21, 2025 Public Workshop](#) | September 2025

While the recommendations in this letter are intended to further the same goals outlined in our prior submissions, we have adapted our recommendations in this letter to take into account the practicalities and current status of CARB's rulemaking, including draft guidance issued through the date of this letter.

Our comments in this letter address (1) the importance of developing a reporting framework that aligns with the Greenhouse Gas Protocol standards and guidance (together, the “GHG Protocol”), as it may evolve,² (2) recommendations for how CARB can ensure alignment with the GHG Protocol, consistent with its mandate under SB 253, and (3) an annotated version of the Draft Template reflecting feedback from Society members.

Introduction

Founded in 1946, the Society is a professional membership association of approximately 3,700 corporate and assistant secretaries, in-house counsel, outside counsel, and other governance professionals who serve approximately 1,600 entities, including 1,000 public, private, and nonprofit organizations of almost every size and industry. Our organization has more than 75 years of experience empowering professionals to shape and advance corporate governance within their organizations, in part through providing the knowledge and tools they need to advise their boards and executive management on corporate governance; regulatory and legal developments; and sustainability issues, including climate-related governance, risk management, and disclosure.

Our members have significant practical experience with governance, risk management, and disclosure, both in general and with respect to climate-related matters. Therefore, we believe that the Society is well-positioned to provide constructive feedback to CARB with respect to the climate-related disclosures required by SB 253 and SB 261.

I. The Draft Template Deviates from the GHG Protocol

The statute does not authorize CARB to set reporting requirements that exceed the requirements of the GHG Protocol.

SB 253 mandates that CARB “shall develop and adopt regulations” that require each reporting entity to “measure and report its emissions of greenhouse gases **in conformance with the Greenhouse Gas Protocol standards and guidance**, including the Greenhouse Gas Protocol Corporate Accounting and Reporting Standard and the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard” (emphasis added). Unlike other aspects of the statute (e.g., the reporting deadlines), SB 253 does not provide CARB discretion to deviate from this mandate. To satisfy this statutory mandate, any regulatory reporting framework promulgated by CARB pursuant to SB 253 should be consistent with the substantive accounting and boundary-setting methodologies set out in the GHG Protocol. In addition, as underscored by the legislative history of SB 253,³ the reporting requirements adopted by CARB cannot exceed the information required by the GHG Protocol. Aside from the clear statutory mandate, SB 253 outlines the legislative intent for requiring CARB to align its regulations with the GHG Protocol, i.e., because many companies already have experience with the “globally recognized GHG emissions accounting and reporting standard”⁴ and the alignment of SB 253 requirements with the GHG Protocol

² The Greenhouse Gas Protocol recently launched a public consultation on its Scope 2 Guidance that closes December 19, 2025. The Society plans to submit feedback in response to this consultation. See <https://ghgprotocol.org/sites/default/files/2025-10/GHG-Protocol-Scope2-Public-Consultation.pdf>.

³ An analysis by the Senate Rules Committee states that SB 253 “**does not require additional reporting** of emissions of greenhouse gases beyond the reporting of scope 1 emissions, scope 2 emissions, and scope 3 emissions required pursuant to the GHG Protocol standards and guidance or an alternative standard, if one is adopted after 2033” (emphasis added). Available at: https://leginfo.legislature.ca.gov/faces/billAnalysisClient.xhtml?bill_id=202320240SB253#.

⁴ California Code, Health and Safety Code - HSC § 38532, Section 1(k) (“The Greenhouse Gas Protocol is the globally recognized GHG emissions accounting and reporting standard developed and updated by the World Resources Institute and the World Business Council for Sustainable Development and provides the framework for corporate GHG emissions accounting and reporting. The framework defines and categorizes emissions as scopes 1, 2, and 3 emissions. Many companies already partially or fully

promotes efficiency. This is because companies that report their GHG emissions have developed internal systems, processes, and disclosure practices based on the GHG Protocol. Furthermore, aligning with the GHG Protocol supports interoperability, i.e., consistency with reporting regimes in other jurisdictions that also have regulatory requirements based on the GHG Protocol.

By adopting a reporting template for SB 253 that deviates from the GHG Protocol as widely used by companies today, CARB would violate the statutory mandate and legislative intent of SB 253. Requiring companies to prepare and publish multiple GHG emissions reports with different information would impose burdens to develop different, but overlapping, reporting and data gathering practices and processes to comply with California-specific requirements and further increase the cost and complexity of assurance engagements.

The GHG Protocol is inconsistent with a rigid, “one size fits all” reporting framework.

Companies that meet the SB 253 reporting thresholds will vary significantly across industries and sectors, as well as operational and geographic footprints, employee count, revenue, and value chain scope. Some reporting entities will have years of experience reporting in alignment with the GHG Protocol, while others will be gathering and reporting GHG emissions data for the first time in connection with their obligations under SB 253. The GHG Protocol allows each company to focus its reporting on information that is relevant to its particular circumstances. It does so by granting companies discretion to determine how to report on a variety of matters, instead of expecting that all companies report on the same set of specific data points regardless of their circumstances.

For example, by allowing the use of the equity share, financial control, or operational control approach to defining organizational boundaries, the GHG Protocol provides flexibility to allow companies to report in a manner that reflects their structure and specific facts and circumstances. CARB should (as the ISSB has) retain this flexibility to accommodate diverse corporate structures, rather than “limit the approach to identify organizational boundaries for all reporting entities.”⁵

Additionally, the GHG Protocol provides for flexibility in the aggregation of emissions data rather than requiring emissions be broken down by source. CARB’s regulations should reflect that approach, rather than requiring a greater level of disaggregation as currently contemplated.⁶

As further discussed in Section II below, the Draft Template reflects a level of detail that goes well beyond what is required by the GHG Protocol. In addition to the two items referenced above, the Draft Template appears to mandate disclosures where the GHG Protocol suggests companies consider a particular item but does not mandate disclosure. The approach in the Draft Template is inconsistent with both the guidance of the GHG Protocol and with companies’ widely-used interpretations thereof. Deviating from the guidance of the GHG Protocol is not only inconsistent with CARB’s statutory mandate, but also significantly detracts from the legislative goals of SB 253. By adopting a reporting framework that prescribes such a large volume of prescriptive information that impedes companies’ ability to exercise the discretion contemplated by the GHG Protocol, CARB would substantially increase the complexity, cost, and the risk of error for reporting companies in contravention of the legislative goal of driving clear and readily understandable disclosure in an efficient manner that promotes interoperability. In contrast, retaining the flexibility contemplated by the GHG Protocol will help companies leverage existing processes (if any) to more efficiently comply with SB 253 and reduce the burden of duplicative reporting requirements from other jurisdictions as contemplated by SB 253.

disclose their emissions data.”). Available at https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202320240SB253.

⁵ Memorandum at 2 (“CARB is evaluating whether to limit the approach to identify organizational boundaries for all reporting entities or retain flexibility to accommodate diverse corporate structures.”).

⁶ Memorandum at 2 (“The template proposes Scope 1 and Scope 2 emissions disclosure by emission source (e.g., electricity, fuel use, refrigerants), with fields for disclosure by types of GHGs, if data is available”).

II. Summary of Key Recommendations Regarding the Draft Template

The Society offers the following recommendations to improve the Draft Template's clarity, usability, and alignment with the GHG Protocol:

- We encourage CARB to maintain the final version of the Draft Template as an illustrative example—not a mandatory framework—beyond the first reporting year.
- We recommend that CARB limit required data points to only those required under the GHG Protocol.
- In addition to the first two recommendations, we are providing global recommendations on the Draft Template regarding:
 - Trade secret and public disclosure concerns
 - Scope 2 methodologies
 - Assurance engagement scope and confirmation
 - Spaces for disclosure notes
 - Definition consistency and corrections
- We also provide an annotated version of the Draft Template, set forth in [Appendix A](#), which sets forth detailed recommendations and feedback with respect to each line item.

These recommendations are intended to offer practical suggestions that ensure consistency with the GHG Protocol and improve the Draft Template's clarity and usability.

Recommendation 1: Template use should remain voluntary

Rationale: We encourage CARB to maintain the final version of the Draft Template as an illustrative example, rather than a mandatory framework, beyond the first reporting year. This approach is consistent with SB 253's statutory text and legislative goals because it promotes efficiency, reduces duplication, and ensures alignment with the GHG Protocol as it continues to evolve, as discussed above. In contrast, requiring use of a standalone, granular CARB-specific template is likely to introduce inconsistencies and additional information-gathering, assurance, and process burdens for companies that are complying with reporting requirements in other jurisdictions, while increasing the administrative burden on CARB to continue to evolve a detailed template as the GHG Protocol and global practices continue to mature.

Recommendation 2: Eliminate data fields that exceed the information required under the GHG Protocol or make more clear that such information is strictly optional

Rationale:

The Draft Template expands the number of reportable data points by more than 200% beyond those required under GHG Protocol:

- The following fields are indicated as “required” under the Draft Template, but are not required under the GHG Protocol:
 - Rows 12–15; 18–19 (Personal contact information)
 - Rows 24–26, 31–42 (Inventory boundary detail)
 - Rows 48–50, 55–57 (Emissions disaggregation by source and activity for Scopes 1 and 2)
 - Rows 51, 58 (Emissions intensity by revenue for Scopes 1 and 2)
 - Rows 69–70 (Miniscule sources)
 - Rows 72–75 (Emissions reduction disclosures)
- The following fields are indicated as “optional” in the template, but are not required under the GHG Protocol or directly by HSC § 38532. We recommend they be removed.
 - Row 95 (Agricultural source emissions)
 - Rows 111–174 (Emissions disaggregation by source and activity for each gas for Scopes 1 and 2)
 - Row 175 (Scope 2 emission intensity by revenue)
 - Rows 177–179 (Data quality rating)

- The fields in Rows 61 and 176⁷ are not typical under current corporate reporting aligned with the GHG Protocol and impose outsized burdens on preparers.

We recommend that the data fields in the final version of the Draft Template be limited to those required by the GHG Protocol and those necessitated by the assurance requirements under SB 253. By outlining a set of detailed data fields that far exceed the required information under the GHG Protocol, the Draft Template is not only inconsistent with the statutory text and clear legislative intent (as discussed above), but would also significantly increase assurance costs, time, and complexity, and could disproportionately burden⁸ first-time reporters, for whom compliance costs will represent a greater proportional expense.

In contrast, by retaining optionality as to use of the template and prescribing (as recommended) a more limited set of required data fields that align with the required disclosures under the GHG Protocol for those who choose to use the template, CARB will provide companies with a degree of flexibility that is consistent with the GHG Protocol, which also requires only a limited set of information, with additional data points being optional or only applicable for particular companies or under particular circumstances. As discussed above, a more flexible approach consistent with the GHG Protocol would also align with the legislative goal of driving GHG reporting in an efficient manner by allowing companies to leverage existing processes or develop one set of processes that can meet requirements in multiple jurisdictions.⁹

Therefore, to develop a reporting framework that is consistent with the legislative goal, CARB should give significant consideration to existing industry practices around the GHG Protocol. Many companies have aligned their processes to the GHG Protocol's required disclosures, with additional information disclosed if and when appropriate based on company-specific circumstances. Furthermore, external assurance engagements on GHG emissions have generally been structured around the limited set of required disclosures under the GHG Protocol. Requiring additional data points not only adds costs and administrative burdens for organizations, but complicates assurance engagements and potentially reduces the availability of assurance, which is in direct conflict with CARB's specific mandate under SB 253's to "ensure sufficient assurance provider capacity."¹⁰

Apart from legal concerns and the costs outlined above, we do not believe that including optional data fields that exceed the information required by the GHG Protocol will generate meaningful *benefits* for CARB, companies, or the public, compared to allowing companies to consider the GHG Protocol and determine based on the related guidance whether additional information is relevant or appropriate to be disclosed based on company-specific circumstances. The latter approach is more consistent with CARB's approach under SB 261, where CARB has outlined its expectations regarding the minimum disclosures that should be covered by the initial SB 261 report while requiring companies to consider whether disclosures that go beyond these minimum requirements are warranted based on company-specific

⁷ Rows 61 and 176 (Biogenic emissions): Biogenic emissions are immaterial for many organizations and are often not reported under the GHGP. Notably, biogenic CO₂ emissions are not included in Scope 1 or Scope 2 totals, and the GHGP's sample Scope 3 inventory reporting template labels biogenic emissions only "if applicable," reflecting their limited relevance in many reporting contexts. Including biogenic emissions as a discrete line item in the template risks overstating their importance and may increase burdens for organizations striving to be complete in their reporting. This could lead to unnecessary data collection and assurance costs without delivering meaningful improvements in data quality or comparability.

⁸ As cited in the Society's March internal survey, each year, it takes members on average 6-9 months after fiscal year-end to finalize and publish reports. Adding assurance to the reports generally extends the timeline by up to six additional months.

⁹ Based on an internal survey conducted for the Society's comment letter to CARB in March, member companies with a reporting system typically took 3-5 years to develop their GHG and other climate disclosure capabilities.

¹⁰ California Code, Health and Safety Code - HSC § 38532, Section 1(k) ("The bill would also require the state board to ensure that the assurance process minimizes the need for reporting entities to engage multiple assurance providers and ensures sufficient assurance provider capacity, as well as timely reporting implementation, as required.").

circumstances. As a result, in Appendix A, we have recommended removing most optional data fields in the Draft Template.

However, if CARB believes that there are regulatory reasons to include a set of illustrative, optional data fields that each company should consider when deciding whether such additional information may be relevant or appropriate based on its circumstances, it will be crucial for CARB to clearly identify that such information is strictly voluntary. A lack of clarity will unnecessarily increase the complexity and cost of compliance for companies, especially given the assurance requirements under SB 253. Ambiguity in required versus optional fields can complicate assurance engagements and increase costs, as well as extend the time required to obtain assurance if assurers must (or believe they must) consider additional optional points.

For example, the Draft Template format is unclear as to whether all lines after Row 77 (“OPTIONAL FIELDS”) are, in fact, optional, particularly since some rows below are individually marked as optional while others are not. In Appendix A, we have provided comments based on our assumption that everything below Row 77 is optional. If any optional fields are retained, they should be clearly marked with a dedicated indicator or column, and CARB should confirm their optionality.

Recommendation 3: Clarify which fields would be made publicly available and detail the legal protections, designation process, and treatment of “Trade Secret Information” flagged in the template, including how such information would be handled if transferred to a CARB database.

Rationale: Companies should be able to designate individual rows as containing confidential information, and CARB should explain the process of how such information will be handled confidentially, both generally and in response to any future Public Records Act (PRA) requests. Clear procedures for identifying information that will be made public and how CARB will handle trade secret information are essential to ensure companies can report transparently without risking public disclosure of proprietary data, which could deter full compliance or reduce the quality of submissions.

Recommendation 4: Add a separate row for Scope 2 base year as well as options for reporting both location- and market-based Scope 2 emissions, as applicable, inclusive of the full breadth of options under the GHG Protocol’s Scope 2 guidance

Rationale: The GHG Protocol guidance provides for reporting Scope 2 emissions using both location-based and market-based methods, as applicable. Direct contracts and instruments such as energy attribute certificates or renewable energy certificates (RECs) are incorporated into market-based calculations.

At present, the Draft Template does not provide a way to designate which Scope 2 method is used, nor does it allow for reporting both location-based and market-based emissions. Additionally, it does not allow for reporting different base years for Scope 1 and 2 inventories, which some companies have.

Recommendation 5: Adjust the fields related to assurance engagement scope and confirmation to allow reporting entities to indicate whether their Scope 1 and Scope 2 emissions have been subject to limited or reasonable assurance

Rationale: The Draft Template is unclear about what data points are required to be assured, which will create confusion and limit the discretion of assurance providers to determine whether their internal standards have been met based on established methodologies. CARB should, in addition to revising and consolidating the language of the current data fields to permit such discretion, clarify which fields need to be assured. Specifically, the final version of the Draft Template should clarify that the assurance requirement under SB 253 is only for Scope 1 and 2 aggregated emissions, not for any optionally submitted intensity metrics and disaggregated data. Ultimately, the assurance fields should enable the reporting entity to explain the scope of the actual assurance engagement, including whether assurance applies to the entire report or only to certain emissions figures. Assurance engagements typically cover a statement of GHG emissions and related notes, not every line item in a disclosure.

We also recommend allowing reporting entities to optionally upload or link to their full assurance report. This would provide full context and help users understand the scope, methodology, and limitations of the assurance engagement.

Recommendation 6: *Each substantive data field should include an associated notes line, allowing reporting entities to provide linked footnotes to respective data entries*

Rationale: GHG emissions reports often include notes addressing methodology, assumptions, exclusions, and other context necessary for interpreting the data. These notes are an integral part of the reports. Including space for notes will improve transparency and data quality and support users in understanding the basis of reported figures.

Recommendation 7: *Remove or subordinate the template definitions on the “Read Me First” tab to the GHG Protocol to avoid confusion or potential inconsistencies*

Rationale: The inconsistencies between definitions provided in the Draft Template and those under the GHG Protocol create significant uncertainty. For example, the definition of “Materiality Threshold” in the template is inconsistent with the GHG Protocol, which references an assurance-based concept of materiality.

The terms “assurance” and “assurance provider” should be used consistently throughout the template, avoiding interchangeable use with “verification” or “verifier,” which may cause confusion.

There is additional terminology that is either inconsistently used or that is incorrectly used based on the GHG Protocol throughout the Draft Templates. Our proposed revisions are noted in [Appendix A](#).

III. Conclusion

We would welcome the opportunity to further discuss our feedback recommendations in this letter with CARB.

Respectfully submitted



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Appendix

Appendix A: Annotated Draft Template