



June 1, 2026

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

Re: Comments on California Corporate Greenhouse Gas Reporting Program (SB 253)

Dear Chair Sanchez:

On behalf of the Global Business Alliance (GBA), we appreciate the opportunity to provide comments regarding the California Air Resources Board's (CARB) implementation of the California Corporate Greenhouse Gas Reporting Program under SB 253.

GBA represents nearly 200 international companies that have invested more than \$5 trillion in the United States and employ 8.7 million American workers. International companies employ nearly one-quarter of all U.S. manufacturing workers, produce more than 20 percent of U.S. exports, and pay approximately seven percent higher than the U.S. private sector average. Many GBA members operate through globally integrated corporate structures with significant operations in California and increasingly prepare sustainability disclosures under multiple international and domestic reporting frameworks.

GBA supports practical and transparent reporting frameworks that provide useful information while minimizing unnecessary complexity and duplication. As CARB proceeds with implementation of SB 253, it is important that California's approach reflect the realities facing internationally headquartered companies with significant U.S. operations. Many GBA members have invested substantial resources in enterprise-wide greenhouse gas accounting systems, governance structures, and assurance processes developed around established global standards. Requirements that diverge from these existing approaches could create duplicative reporting systems and additional compliance burdens without corresponding improvements in transparency or comparability.

Accordingly, GBA encourages CARB to prioritize harmonization with internationally recognized frameworks and preserve the flexibility necessary for practical implementation.

As the premier advocacy resource for international companies in the United States, the Global Business Alliance (GBA), actively promotes and defends an open economy that welcomes international companies to invest in America. Our members are American companies with global heritage and an indispensable part of our nation's economic success. When America is open for business, we all benefit.

Align Requirements with Internationally Recognized Frameworks

Many GBA members currently report or are preparing to report under globally recognized frameworks, including the Greenhouse Gas Protocol and International Sustainability Standards Board (ISSB) Sustainability Disclosure Standards (IFRS S1 and IFRS S2).

The implementation and use of ISSB Sustainability Disclosure Standards continue to expand globally and increasingly serves as a common baseline for sustainability reporting. Importantly, ISSB standards require greenhouse gas emissions reporting using the Greenhouse Gas Protocol's principles and methodologies and permit organizational boundaries to be established under operational control, financial control, or equity-share approaches. These standards were developed to facilitate interoperability across reporting systems and jurisdictions and reduce fragmentation in sustainability reporting.

For many internationally headquartered companies, greenhouse gas reporting systems are developed on a consolidated enterprise basis and rely on GHG Protocol methodologies across global operations. The GHG Protocol remains the most widely used greenhouse gas accounting framework and serves as a foundational component of numerous sustainability reporting systems.

California-specific methodologies that differ materially from these established approaches could require companies to:

- Recalculate emissions under different methodologies solely for California reporting purposes
- Create separate data collection processes and reporting structures
- Maintain duplicative governance and internal control systems
- Conduct additional assurance activities for separate reporting outputs

Rather than creating California-specific requirements, CARB should permit reporting entities to leverage inventories and disclosures already prepared under internationally recognized standards where they substantially satisfy statutory requirements. CARB should also allow companies flexibility to leverage existing annual reports and sustainability disclosures that already contain the required information and associated assurance opinions, rather than requiring duplicative California-specific reporting templates.

Maintain Flexibility for Organizational Boundaries and Accounting Methodologies

GBA encourages CARB to preserve flexibility for determining organizational boundaries consistent with approaches recognized under the GHG Protocol and ISSB standards, including operational control, financial control, and equity-share methodologies.

Many GBA members have invested substantial resources over multiple years developing internal reporting systems around these existing structures. Requiring a California-specific methodology could necessitate redesigning systems that are already embedded within enterprise-wide sustainability and financial reporting processes.

Similarly, CARB should continue allowing flexibility regarding emissions accounting methodologies and emission factors. Companies frequently rely on combinations of activity-based methods, spend-based methods, supplier-specific information, secondary data, and industry estimates depending on data availability and operational circumstances.

GBA also encourages CARB to continue recognizing good-faith efforts to collect and report data across organizational boundaries where full coverage may require undue cost and effort, provided companies maintain appropriate transparency regarding methodologies, assumptions, and limitations.

Allowing companies to continue using recognized methodologies would improve consistency while reducing the need to create separate California-specific reporting processes.

Recognize Practical Challenges Associated with Scope 3 Reporting

Scope 3 reporting presents particular challenges because reporting entities frequently rely on information outside their direct control and often spanning multiple jurisdictions, suppliers, and downstream activities.

Internationally headquartered companies commonly operate through complex global supply chains where reporting maturity and data availability vary considerably across jurisdictions. As a result, companies frequently rely on estimates, secondary information, proxy data, and assumptions when preparing Scope 3 inventories.

GBA therefore encourages CARB to continue recognizing good-faith reporting efforts and explicitly permit the use of reasonable estimates and methodologies consistent with the GHG Protocol. Companies should be allowed flexibility to disclose assumptions, exclusions, and areas of uncertainty while improving data quality over time.

Rigid California-specific thresholds or prescriptive methodologies could create circumstances where companies prepare one Scope 3 inventory for global reporting purposes and another solely to satisfy California requirements. Such duplication would increase costs without necessarily improving comparability or decision usefulness.

GBA also encourages CARB to avoid sector-based or category-based phase-in approaches for Scope 3 reporting. Such approaches would not enhance comparability across

companies, as differences in implementation timelines and sector classifications may introduce inconsistency and reduce the decision usefulness of disclosures.

Consider the Full Costs of Compliance

As CARB develops its economic analysis, it should recognize that implementation costs for internationally headquartered companies frequently occur at the enterprise level rather than within California operations alone.

Many GBA members manage sustainability reporting through centralized global functions responsible for enterprise-wide reporting systems, governance processes, assurance activities, and supplier engagement. Accordingly, implementation costs frequently arise at headquarters or regional operations outside California.

Implementation costs may include:

- Development and modification of enterprise-wide reporting systems
- Internal governance and compliance structures
- Supply chain engagement and data collection efforts
- External advisory and legal support
- Assurance and verification services
- Training and implementation costs

CARB should also account for potential market constraints associated with assurance requirements. Existing assurance-provider capacity may be insufficient to meet demand as reporting obligations expand across jurisdictions simultaneously. Increased demand combined with limited specialized capacity could create significant upward pressure on costs and complicate implementation timelines.

To support globally consistent sustainability assurance practices, CARB should consider recognizing the International Standard on Sustainability Assurance (ISSA) 5000 as part of its approved assurance framework options.

GBA also encourages CARB to exercise caution before considering any transition to mandatory reasonable assurance requirements for Scope 1 and 2 and before implementing a limited assurance requirement for Scope 3. Given the complexity of emissions reporting, evolving reporting systems, and current market capacity constraints, such moves could significantly increase compliance costs and implementation burdens without corresponding benefits to comparability or transparency.

Conclusion

GBA supports practical approaches that improve transparency while minimizing unnecessary complexity and duplication.

For internationally headquartered companies with significant U.S. operations, alignment with globally recognized standards is critical to preserving comparability and avoiding parallel reporting systems that increase costs without improving reporting outcomes. California should seek to build upon existing reporting systems rather than create unique requirements that introduce additional complexity and burden.

Preserving flexibility, recognizing good-faith implementation efforts, and maintaining interoperability with internationally recognized frameworks will help support effective implementation while reducing unnecessary compliance burdens for companies operating across multiple jurisdictions.

We appreciate the opportunity to provide comments and look forward to continued engagement as CARB proceeds with implementation.

Sincerely,

A handwritten signature in grey ink, appearing to read 'KJ', is positioned above the typed name.

Kelsey Johnson
Vice President, State Affairs
Global Business Alliance