



June 1, 2026

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

Re: Comments on CARB's March 2026 Virtual Public Workshop on Proposed California Corporate Greenhouse Gas Reporting Program Regulations under SB 253 and SB 261

Ms. Sanchez:

Dairy Institute of California represents milk processors and dairy product manufacturers based in California. Our organization's goal is to support our members' ability to operate sustainably, innovate, and achieve efficiency in their own companies as they provide the highest quality dairy products to domestic and international markets. We appreciate the opportunity to comment on the California Air Resources Board's (CARB) March 2026 virtual public workshop on the proposed implementation of the Climate Corporate Data Accountability Act (SB 253) and the Climate-Related Financial Risk Act (SB 261).

Dairy Institute thanks you for considering the following comments in the development of the subsequent rulemaking of SB 253 and SB 261. We continue to urge for maximum flexibility that will ultimately impact the ease of compliance and reduce cost burdens that have a real impact on dairy processors.

CARB Climate Disclosure Workshop, March 2026 – Dairy Institute Comments

Q: If your company reports under another jurisdiction's program, what elements of that framework should CARB take into account?

Dairy Institute supports CARB alignment with CARB's existing GHG Reporting Regulation and Cap and Invest Program, as well as many international Greenhouse Gas (GHG) frameworks as possible to reduce reporting and compliance burden. Aligning with California's GHG Reporting Regulations and Cap and Invest Program, as well as the EU CSRD/ESRS GHG reporting requirements should be given priority given how wide the boundary of CSRD is.



Q: Are there topics from the initial regulation adopted at the February 2026 Board hearing that need to be revisited, including reporting deadlines post 2026, applicability definitions, and/or exemptions?

If GHG emissions data is not required to be assured, companies may have concerns sharing public, non-assured data. Dairy Institute recommends that CARB should only publish assured GHG emissions data disclosed under SB 253.

Organizational Boundaries

Q: Are there other approaches to organizational boundary setting that CARB should consider?

Most dairy processors use operational or financial control for organizational boundary setting.

Q: How should entities explain their choice of organizational boundary?

Entities should clearly explain their organizational boundary choices in a transparent and technical manner aligned with global standards. They should describe their level of operational control, data quality, and data availability—especially for Scope 3, where estimates and proxies are common. Entities should explain how their approach aligns with GHG Protocol and SBTi guidance, including acknowledged methodological uncertainties. Data gaps, inconsistencies, and supplier limitations should be identified that affect Scope 3 accuracy. Where categories are excluded due to unreliable data, entities should explain why inclusion would be misleading, consistent with the principle that inaccurate reporting is more harmful than incomplete reporting.

Accounting Methods

Q: What additional information for Scope 1 and 2 reporting should CARB consider in developing final reporting templates?

The GHG Protocol, the most widely adopted GHG accounting and reporting framework globally, is currently updating their Scope 2 Standard, which could have an impact on how companies disclose scope 2 information. Dairy Institute recommends that CARB wait for GHG Protocol's update to the Scope 2 Standard before finalizing a scope 2 template.

Q: What accounting methods does your organization currently use for Scope 1,2, and 3 GHG estimation?

Dairy processors rely on existing widely recognized international frameworks.

Q: Should CARB consider allowing other accounting methods? If so, which ones and why?

CARB should allow multiple accounting methods if they are transparent and based on recognized frameworks. This flexibility is important given current methodological limits, especially for Scope 3. Sector-specific protocols should be permitted where credible, even if they



differ from standard corporate guidance. CARB should also allow adoption of new, credible methods as they emerge.

Emission Factors

Q: What criteria should emission factors meet to be used in this program?

Emission factors should meet criteria that ensure transparency, scientific credibility, and practical applicability, especially given the acknowledged limitations of current Scope 3 methodologies by both the GHG Protocol and SBTi. Criteria must include national recognition, common, accepted emission factors used across all industries.

Q: How should reporters document and explain their use of a particular emission factor, including proprietary models?

Entities should identify the emissions factor source (e.g., EPA AP-42, IPCC AR6, GHG Protocol database), explain why the emission factor is appropriate for the activity, sector, and boundary conditions, and describe known limitations, uncertainty ranges, or data gaps associated with the emissions factor. This aligns with SBTi and GHG Protocol guidance acknowledging methodological uncertainty.

Q: How should reporters document and explain when changing EFs from a prior year?

There should be an opportunity for reporting entities to back-baseline or re-calculate prior year GHG footprints with updated emission factors. This should include the opportunity to disclose the rationale for changing such as updated science, revised regulatory guidance, improved sector-specific data, or correction of an error.

Regulatory Option 1: Broad Applicability

Q: Should reporting entities be able to report as de minimis certain categories due to lack of relevance/materiality and/or feasibility?

Yes, reporting entities should be able to treat certain Scope 3 categories as de minimis where they are demonstrably immaterial to total emissions and/or not reasonably feasible to quantify with current methods.

Q: What specific thresholds, definitions, or decision frameworks should CARB use to determine when a Scope 3 category is considered de minimis to be reported?

The materiality, feasibility and rationale should be used to determine when a scope 3 category is considered de minimis. Additionally, the standard practice under the GHG Protocol is if a scope 3 category comprises <5% of a reporting entity's total scope 3 footprint.



Q: How should CARB weigh reporting flexibility against alignment with current mandatory and voluntary practices and other international standards?

If reporting entities are already following international standards, their requirements should suffice, and international standards acknowledge the need for flexibility. This maintains reporting consistency without duplication.

Option 2: Sectoral Phase-In

Q: Are these sectors the appropriate starting point for a phased approach to Scope 3 reporting? What factors should CARB consider in confirming or adjusting this prioritization?

The suitability of any sector depends on the maturity of available accounting methods, the feasibility of obtaining reliable data, and the degree of operational control entities have over upstream and downstream emissions. Dairy Institute believes that these sectors are likely an appropriate starting point, although further clarification and specificity is needed to avoid confusion over which companies belong in which sectors. For example, does food and beverage manufacturing fall under the industrial or agriculture bucket?

Option 3: Category Phase-In

Q: Are these the appropriate categories to prioritize for initial reporting based on data availability and relevance across sectors?

A combination of Option 1 and 3 is the best approach. Option 2 will cause confusion with reporting entities over whether they are required to report based on CARB's definition of which industrial sector they fit in. Additionally, the de minimis threshold should be maintained no matter which option or combination of options is selected.

Standards Accepted in Other Jurisdictions

Q: Are there assurance standards or frameworks not currently included in staff's proposed list that should be recognized and why?

The Global Reporting Initiative (GRI) is widely used globally and should be considered. Additionally, the International Financial Reporting Standard (IFRS) S1 and S2 should be considered, if they are not already assumed to be included under CSRD/ESRS. As international bodies finalize climate-specific assurance standards, CARB should allow their use to avoid locking entities into outdated frameworks.

Q: Approximately how many GHG assurance engagements can your organization complete annually for limited assurance?

Dairy Institute believes that only one assurance engagement could realistically be completed annually for limited assurance. Large, multinational/global reporting entities have extensive assurance needs and requirements that take a long time to complete. The August deadline is quite



aggressive and it's possible that larger reporting entities may be unable to comply. It should also be noted that assurances are limited to the methodologies available.

Q: What cost ranges are reporting entities currently experiencing for limited assurance engagements?

The estimated costs presented to report Scope 1, 2 and 3 data, and obtain limited assurance for Scope 1 and 2 data are significantly underestimated. These estimates are particularly underestimated for large, multinational/global reporting entities, which can be subject to auditing and assurance costs. Dairy processors have reported that costs can range anywhere from hundreds of thousands of dollars to millions of dollars.

Q: What factors are driving assurance costs, and how do costs vary across entity size, sector, and assurance level?

The higher the perceived regulatory and legal risk, the more work assurance providers must perform to support their opinion. Assurance costs continue to increase with demand. Family farms will struggle to absorb the financial burden, and costs will be redistributed throughout the supply chain. Large, multinational/global reporting entities can be subject to auditing and assurance costs in the range of millions of dollars.

Cost Estimates

Q: Are the costs presented today in the ballpark of your company's estimates for compiling, reporting, and assuring GHG emissions? In your response, please be as detailed as possible about the costs associated with specific aspects of GHG reporting (e.g., data collection vs. analysis, cost variations across scopes, limited and reasonable assurance) and which reporting methodologies apply (e.g., activity-based vs. spend-based).

For large, multinational/global reporting entities, the costs to compile, report and assure data across all 3 options is significantly underestimated. Costs to comply largely arise from contracting third-party assurance providers, more so than compiling and reporting the data. For agricultural cooperatives, actual costs are likely to be higher due to the complexity of data collection across hundreds of independently operated family farms and the immaturity of Scope 3 methodologies.

Q: Will most of the costs associated with reporting be incurred in state or through offices in other jurisdictions (e.g., headquarters in other states, countries)? Please provide an estimate (%), if possible.

Again, this depends on the dairy processor. Large multinational/global reporting entities will incur costs out of state while companies with facilities and headquarters based in California, family farms and agricultural cooperatives will incur costs in state.

**Conclusion**

Dairy Institute continues to emphasize the need for clarity and efforts to reduce the cost and burden of compliance. As acknowledged throughout Dairy Institute's comments, existing frameworks are still undergoing refinement which inevitably impacts CARB's rulemakings and implementation. Dairy Institute urges maximum flexibility for reporting and compliance to help create a practical and effective reporting system that supports progress toward California's climate goals.

Sincerely,

A handwritten signature in black ink that reads "Katie Davey". The signature is fluid and cursive, with the first name "Katie" and last name "Davey" clearly distinguishable.

Katie Davey
Executive Director
Dairy Institute of California