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Submitted via CARB Public Comment Web Portal

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Re: Supplemental Public Comments to March 23, 2026 Climate Disclosure Workshop

Dear Dr. Vergis and CARB Staff:

Environmental Defense Fund (“EDF”) respectfully submits the following supplemental comments to the California Air Resources Board (“CARB”) in response to its March 23, 2026 request for public input on the California Greenhouse Gas (“GHG”) Reporting Program implementing Senate Bill (“SB”) 253.¹ Founded in 1967, EDF is a nonprofit organization with more than 2.5 million members nationwide, including approximately half a million in California. EDF has offices across the country, including in California, and a staff of scientists, economists, policy experts, and other professionals. EDF works to strengthen people’s ability to thrive in a changing climate and has long sought to improve disclosure and understanding of climate-related risks. These comments supplement the initial comments EDF submitted on April 13 regarding this workshop with additional input on the topics of emission factors, materiality and *de minimis* concepts, and economic analysis.² EDF strongly supports California’s GHG Reporting Program, which will foster greater transparency and economic resilience.

I. Request for Feedback: GHG Accounting (Slide 23)

EDF’s April 13 comments stated that as an overarching principle, flexibility in selection of methods should be paired with transparency to strengthen the decision-usefulness of emissions

¹ *Climate Disclosure Meetings and Workshops*, CARB, <https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/climate-disclosure-meetings-and-workshops> (last visited May 28, 2026); see also *SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program*, CARB (Mar. 23, 2026), <https://ww2.arb.ca.gov/sites/default/files/2026-03/SB%20253%20March%202026%20Workshop%20Slides%20Final.pdf> (workshop slides).

² Letter from EDF to CARB (Apr. 13, 2026), <https://ww2.arb.ca.gov/form/public-comments/submissions/59071>.

data, and that a key criterion for emission factors is accuracy. This section expands on those recommendations.

Emission Factors

Emission factors vary significantly in methodology, transparency, currentness, gas coverage, specificity, and type of source. Two companies engaging in the same activity could report different emission figures if one uses a current, activity-specific factor and another uses an outdated global default. Clear expectations for factor selection help ensure that reported emissions are comparable, verifiable, and useful to investors, regulators, and the public.

1. What criteria should emission factors meet to be used in this program?

Given the breadth of industries, geographies, fuels, technologies, suppliers, and supply chains covered by SB 253, reporting entities will likely need flexibility to use many different emission factors, though guardrails are needed to support consistency, reliability, and decision-usefulness. For that reason, a flexible approach should be paired with clear minimum expectations for factor characteristics. CARB should not necessarily attempt to develop or maintain a specific list of particular emission factors deemed acceptable, given the large, diverse, dynamic, and sector- and activity-specific nature of the landscape of emission factors. Rather, CARB should develop criteria for aspects of emission factors to be used for SB 253 reporting, including the following:

1. *Methodological alignment* with the GHG Protocol and recognized GHG accounting methods.
2. *Transparency* so that the factor's source, boundary, calculation method, and data inputs can be reviewed.
3. *Currentness* so that factors reflect the most recent reasonably available data.
4. *Complete gas coverage* including GHGs beyond carbon dioxide, like methane, where relevant.
5. *Geographic and activity specificity* so that factors reflect the activity, fuel, process, location, or supplier being measured as precisely as possible.
6. *Source credibility*, including use of factors from governmental, intergovernmental, peer-reviewed, or other sources that pair technical expertise with publicly accountable governance.

CARB could create a hierarchy of accuracy to integrate these principles. The GHG Protocol is moving towards more explicitly requiring companies to use the best publicly-accessible emission factor sources; CARB could consider regulations or guidance as appropriate to similarly advance the precision of emission factor-based reporting while retaining needed flexibility. When more than one acceptable factor is available, reporting entities should use the factor that most closely matches the underlying activity. For example, facility-specific or supplier-specific data should

generally be preferred over sector averages, national or sub-national factors should generally be preferred over global defaults, and current published factors should be preferred over outdated values. CARB should recognize that there may be tradeoffs between these principles. For example, proprietary or paywalled emission factor data sets (e.g., those found in databases that underpin lifecycle assessments, consultant-developed emission factors, etc.) are less transparent but may provide greater specificity. Global default factors should remain available where no more specific factor exists, but their use should be documented and limited.

CARB could additionally consider building, or partnering with other government entities or academic institutions on, a consolidated, trusted, public repository of high-quality emission factor data. The EPA Center for Corporate Climate Leadership has had initiatives to provide reputable emission factors free of cost, and CARB could consider replicating or building on these efforts depending on their status. Relevant emission factors could include those from the U.S. EPA and reputable nongovernmental or intergovernmental sets like those of The Climate Registry or Intergovernmental Panel on Climate Change. Efforts to consolidate, update, harmonize, and improve publicly-accessible, high-quality emission factor sets – particularly for Scope 3 – would benefit companies covered by SB 253 and ultimately the end-users of the higher quality reporting that would result.

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

3. How should reporters document and explain when changing EFs from a prior year?

EDF recommends that CARB require basic disclosure around emission factor selection. Reporting entities should disclose the primary factor sources used by scope or material category, the global warming potential values applied, the level of specificity used for material categories, and any reliance on global default or proprietary factors. Where a change in emission factor source or value materially affects year-over-year reported emissions, the change should be disclosed and, where feasible, quantified.³ These disclosures would improve comparability and help users distinguish real changes in emissions from changes caused by updated calculation factors.

In short, CARB should allow flexibility in emission factor sources, but that flexibility should be bound by clear quality criteria. A standards-based framework would support more accurate reporting, reduce inconsistent factor selection, limit overreliance on generic defaults, and provide assurance providers with a clearer basis for review. This would help make SB 253 disclosures more comparable, reliable, and useful without imposing a one-size-fits-all factor database across all reporting entities and emissions categories.

³ See *Corporate Standard FAQ*, GHG Protocol, <https://ghgprotocol.org/corporate-standard-frequently-asked-questions> (last visited May 28, 2026) (addressing whether new emission factors could necessitate base year recalculation in question 18).

II. Request for Feedback: Scope 3 Reporting Options (Slide 28)

Option 1: Broad Applicability

EDF's April 13 comments recommended that CARB not adopt new *de minimis* thresholds, definitions, or decision frameworks, but rather integrate existing GHG Protocol principles in its instructions to entities on permissible exclusions. This section expands on that recommendation.

1. 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 report certain categories as *de minimis*, in line with current common practices for entity-level GHG reporting. However, CARB should ensure minimum requirements, guardrails, and transparent disclosure practices to ensure robust and consistent implementation.

Existing GHG reporting frameworks recognize that insignificant emissions sources can be excluded from reports to focus on the more relevant categories of emissions. In particular, the GHG Protocol guides reporters to screen their value chain emissions for relevance to prioritize major sources of emissions and exclude insignificant ones. It offers six primary criteria for determining inclusion: size, influence, risk, stakeholders, outsourcing, and sector guidance.⁴ This kind of *de minimis* exclusion approach avoids expending disproportionate cost and effort on information likely to be of minimal use while ensuring that useful emissions information is reported.

Similar reporting protocols – like ISO 14064-1:2018 and The Climate Registry's General Reporting Protocol, as well as other disclosure standards like those of the ISSB and EU ESRS – also recognize that small sources can be excluded, with exclusions documented.

If CARB does allow for *de minimis* exclusions, it should ensure that reporters disclose these exclusions and any relevant justification. CARB should also instruct reporters that any exclusions should not impact the decision-making needs of investors or other SB 253 stakeholders.

⁴ See GHG Protocol, Corporate Value Chain (Scope 3) Accounting and Reporting Standard 61 (2011), https://ghgprotocol.org/sites/default/files/standards/Corporate-Value-Chain-Accounting-Reporting-Standard_041613_2.pdf.

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

Thresholds

A quantitative threshold would be most fitting for the exclusion criterion of size, or magnitude of emissions. Specifically, CARB could require that covered entities report *at least* 95 percent of Scope 3 emissions – meaning that *de minimis* exclusions should amount to no more than 5 percent total of Scope 3 emissions by CO₂e.

This 5 percent exclusion threshold aligns with current practices under other systems. For example, CDP’s reporting guidance states: “A practical rule of thumb often applied to evaluate the relevance of an emissions’ source or activity is to consider the sources that contribute to 95% of the emissions inventory once sources are listed by the size of emissions.”⁵ While not a *de minimis* exclusion threshold per se, The Climate Registry’s General Verification Protocol uses a 5 percent threshold as the indicator of a material misstatement (i.e., a significant misrepresentation of emissions). While revisions have not been finalized, the GHG Protocol has recently indicated that it will likely require reporting of 95 percent of Scope 3 emissions – with exclusions capped at 5 percent – in the forthcoming Corporate Standard update.⁶

Decision Frameworks

CARB should consider instructing reporters to undertake a decision framework including three steps: (1) assess relevance, (2) calculate emissions and check thresholds, and (3) document exclusions.

1. *Assess relevance.* Reporters should first undertake a relevance assessment (commonly referred to as a “screening”) of Scope 3 emissions. This should first include a screening for categories that are clearly not relevant for a reporter. For example, a company might easily determine that it does not have any emissions relating to franchises (Category 14), thus eliminating consideration of this category in further steps. Reporters should then conduct an initial, high-level GHG estimation for Scope 3 emissions categories – relying for this step on industry averages or similar data sources, particularly for sources, activities or categories expected to be small. Reporters can then determine categories that are likely *de minimis*.

2. *Calculate emissions and check thresholds.* Reporters should develop a comprehensive Scope 3 inventory for categories estimated to make up at least 95 percent of

⁵ CDP, Climate Change 2022 Reporting Guidance C6.4 (2022), <https://guidance.cdp.net/en/guidance?cid=30&ctype=theme&idtype=ThemeID&incchild=1%C2%B5site%3Do&otype=Guidance&page=98&tags=TAG-587%2CTAG-605%2CTAG-599%2CTAG-600%2CTAG-13145%2CTAG-13135%2CTAG-13140>

⁶ GHG Protocol, Scope 3 Standard Revisions: Phase 1 Progress Update 7 (2026), <https://ghgprotocol.org/sites/default/files/2026-03/S3-Phase1ProgressUpdate-20260331.pdf>.

emissions. Once the inventory is complete, the reporter should re-check categories deemed *de minimis* to ensure that they fall under 5 percent total of calculated emissions.

3. *Document exclusions.* Reporters should be required to justify and document exclusions.

CARB could consider providing guidance on categories likely and unlikely to be relevant to companies in particular sectors or industries. Additionally, CARB could consider assisting in the development of a replacement for the free Scope 3 Evaluator tool that the GHG Protocol provided until 2023,⁷ which would help companies develop high-level screening of Scope 3 emissions across all 15 categories and facilitate more consistent and streamlined approaches, especially for new reporters.

III. Request for Feedback: Economic Analysis (Slide 38)

EDF's April 13 comments noted that factors influencing the cost of compliance with climate-related disclosure standards include company size, reporting complexity, and verification requirements, and that incremental costs of complying with the California GHG emissions disclosure and assurance requirements will likely be substantially reduced for companies already reporting under similar frameworks. This section provides additional observations on those points.

CARB's economic analysis accurately recognizes that implementation costs associated with SB 253 are likely to be highest during the initial years of compliance as reporting entities establish internal reporting systems, develop emissions inventories, and build disclosure processes. CARB also appropriately recognizes that ongoing compliance costs are expected to decline over time as reporting practices become more standardized, companies gain experience with compliance obligations, and reporting technologies continue to improve. Given the substantial revenues of entities covered under SB 253, CARB's estimates reasonably conclude that compliance costs are manageable and justified by the substantial public benefits associated with more consistent, comparable, and reliable climate-related disclosures.

CARB's analysis also appropriately acknowledges both the value and the complexity associated with Scope 3 emissions reporting while allowing for flexibility that will lower costs. Scope 3 disclosures provide critical information regarding climate-related financial, supply-chain, and transition risks and are necessary for complete emissions reporting.⁸ Although some reporting entities may not currently have mature data collection and supplier engagement practices, phased implementation options and flexible but transparent accounting methodologies provide reasonable pathways for compliance without undermining the integrity of the program. Strong

⁷ See *Scope 3 Evaluator*, GHG Protocol, <https://ghgprotocol.org/scope-3-evaluator> (last visited May 28, 2026).

⁸ See Pedro Aranguez Diaz, *Scope 3 Emissions in Corporate Reporting: Calculating Climate Risk in Global Value Chains*, CLIMATE LAW (Oct. 23, 2025), <https://blogs.law.columbia.edu/climatechange/2025/10/23/scope-3-emissions-in-corporate-reporting-calculating-climate-risk-in-global-value-chains/>.

and thorough Scope 3 reporting requirements remain essential to ensuring that SB 253 fulfills its statutory purpose and provides investors, consumers, and the public with transparent and decision-useful climate disclosures.

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EDF thanks CARB for its efforts to implement this vital disclosure program and its consideration of public input. Please do not hesitate to contact us to discuss further.

Respectfully submitted,

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