SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program

MARCH 23, 2026

Workshop Logistics

- Workshop Materials link: https://ww2.arb.ca.gov/our-work/programs/corporate-ghg-reporting/climate-disclosure-meetings-and-workshops
- Zoom Orientation:
  - Raise Hand
  - Zoom phone participants may dial #2 to "Raise Hand"
  - The facilitator will inform Zoom phone participants when they are unmuted during Public Comment
  - Dial *6 to mute or unmute

Agenda

1. Background: Corporate Emissions Disclosure
2. 2026 Reporting Deadline and Process
3. SB 253 Proposed Rulemaking Concepts
4. Economic Analysis
5. Public Comment

SB 253: Corporate Climate Data Accountability Act

	SB 253 (HSC § 38532)
Requirements	• Disclosure of Scope 1, 2, and 3 GHG emissions
Applies To	• U.S.-based entities • Doing business in California • >$1 billion in annual revenue
Deadlines	• Scope 1 and Scope 2 in 2026 • Scope 1, 2 and 3 in 2027+

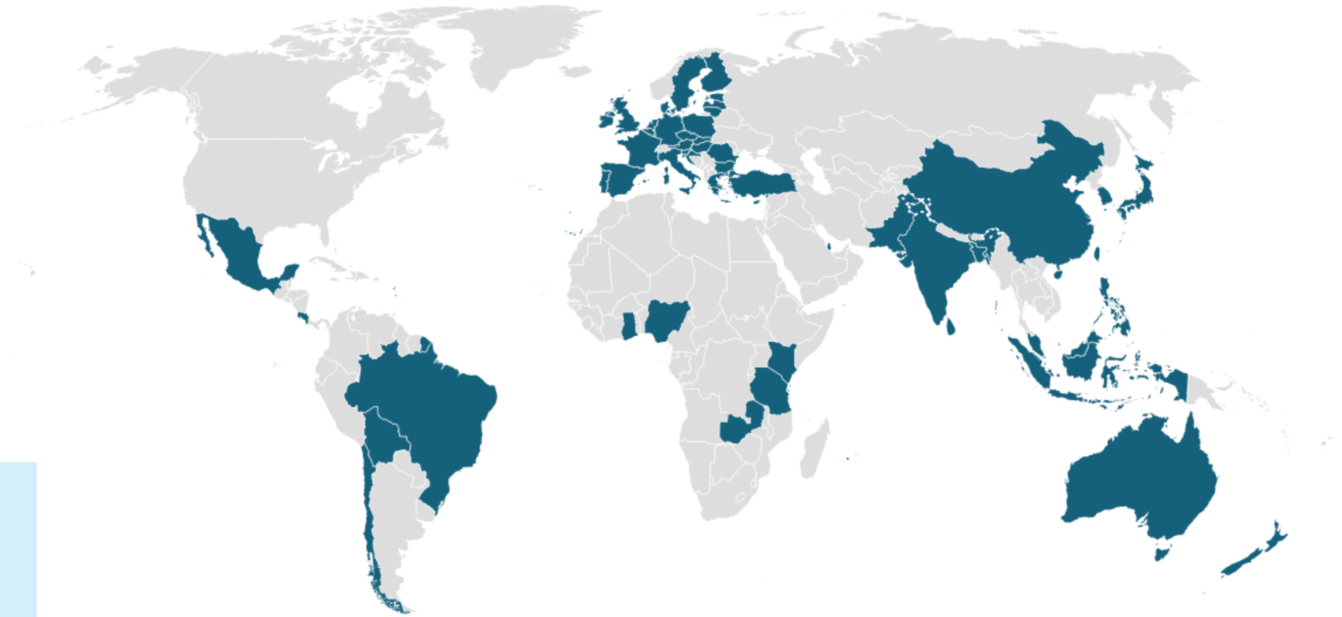
Global Corporate Climate Disclosure

"Full value-chain visibility – including Scope 3 emissions – is essential for credible transition planning, investors' fiduciary duty, and forward-looking assessments of climate risk."

- Joint statement from business leaders, January 23, 2026

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

Other Jurisdictions with Scope 1, 2 & 3 Reporting Laws



59% of Global GDP - 66% of Global Population

Reporting standards include IFRS S1/S2, EU CDRS, and jurisdiction-specific disclosure standards. They may reflect a range of phase in approaches.

February 2026 Board Hearing Outcomes

- Initial Regulation Approved
  - Definitions for doing business, revenue thresholds for SB 261 ($500M) and SB 253 ($1B).
  - Applicability and program fee assessment (on September 10, 2026).
  - Initial SB 253 reporting deadline: Scope 1 and 2 emissions by August 10, 2026.
- Final Statement of Reasons will include responses to public comments received at the hearing and during the 45-day public comment period.

Video: California Air Resources Board- Feb. 26, 2026, CAL-SPAN

Request for Feedback:
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?

2026 Scope 1 and 2 Reporting

- CARB issued an Enforcement Notice in December 2024, and a comprehensive FAQ to clarify statutory requirements.
- In February 2026, Board approved first-year Scope 1 and 2 reporting deadline:
  - Reporting entities with FY ending on or before February 1, 2026 would report FY25-26 data.
  - FY ending after February 1, 2026 would report FY24–25 data.
  - Scope 1 and 2 template and limited assurance are not required in 2026.
- Forthcoming updates:
  - 2026 reporting intake process.
  - Extension request guidance.

Proposed Concepts for Subsequent SB 253 Rulemaking

SB 253 (HSC § 38532)

SB 253 Rulemaking Process

Initial Fee Regulation
(Board adopted Feb 2026)

Established definitions, fees, and 2026 reporting deadlines.

SB 253 and SB 219

Established California's corporate GHG reporting program.

Pre-Rulemaking

- Feedback on key topics:
  - Scope 1, 2, and 3 framework
  - Organizational boundaries
  - GHG accounting methods
  - Emission factors
  - Scope 3 options
  - Assurance
  - Economic Analysis

Formal Rulemaking

- Notice of Proposed Rulemaking
  - Standardized Economic Impact Assessment (SRIA)
  - Draft regulatory text
  - Initial Statement of Reasons (ISOR)
- 45-day Public Comments
- Board Consideration
- Final Statement of Reasons (FSOR)
- Office of Administrative Law Review
- Implementation

Overview of Proposed GHG Reporting Requirements

- Entities must report Scope 1, 2, and 3 emissions in 2027 and annually thereafter and secure limited assurance for Scopes 1 and 2.
- Staff propose requiring disclosures that include information about entities' organizational boundary selection, emission factors, and accounting methods.
- Proposed regulatory approach for GHG accounting:
  - Set Organizational Boundary
  - Classify Emissions Into Scopes (1, 2, 3)
  - Calculate Emissions
  - Obtain Limited Assurance (for Scopes 1 and 2)

Proposed Approach for Setting Organizational Boundaries

Equity Share Approach

- Account for emissions based on company's percentage ownership in an operation.

Control Approach

- Account for 100% of emissions from operations over which it has control (financial or operational) as defined below:
- **Financial control**: When a company can direct the financial and operating policies of the operation to gain economic benefits.
- **Operational control**: When a company has the authority to introduce and implement operating policies for the operation.

Request for Feedback:

- Are there other approaches to organizational boundary setting that CARB should consider?
- How should entities explain their choice of organizational boundary?

GHG Emissions Scopes

Scope 1

Direct emissions from sources owned or controlled by a company

Company-owned vehicles

On-site fuel combustion

Scope 2

Indirect emissions from the generation of a company's purchased energy

Purchased electricity, steam, heating & cooling

Scope 3

Indirect emissions (not included in scope 2) in the value chain of a company

Transportation & Distribution

Purchased goods & services

Use of sold products

Proposed Adjustments to Scope 1 and 2 Reporting (starting in 2027)

- All "reporting entities", as defined in regulation, must report **Scope 1 and 2 emissions**.
- CARB to develop templates for Scope 1 and 2 reporting to be used **in 2027 and beyond** as part of this rulemaking.
  - CARB published draft templates on October 10, 2025 and received public feedback on topics including emissions intensity per dollar of revenue, organizational boundary flexibility, and flexibility to report using different GWP values.

Request for feedback:

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

Proposed Scope 3 Categories

Upstream Scope 3 Categories	
1	Purchased Goods and services
2	Capital goods
3	Fuel and energy-related activities (not included in scope 1 or scope 2)
4	Upstream transportation and distribution
5	Waste generated in operations
6	Business travel
7	Employee Commuting
8	Leased assets

Downstream Scope 3 Categories	
9	Downstream transportation and distribution
10	Processing of sold products
11	Use of sold products
12	End of Life treatment of sold products
13	Leased assets
14	Franchises
15	Investments

Proposed Flexibility for GHG Accounting Methods

1. **Spend-based:** based on monetary values of goods and services.
2. **Activity-based:** based on physical measures of activity.
3. **Supplier-specific:** based on primary emissions or activity of suppliers.
4. **Hybrid:** combination of the above approaches.

Request for Feedback:

- What accounting methods does your organization currently use for Scope 1, 2, and 3 GHG emissions?
- Should CARB consider allowing other accounting methods? If so, which ones and why?

Proposed Emission Factor Datasets

- **Emissions factor (EF):** Representative value that quantifies the amount of GHG emissions released per unit of activity (e.g., emissions per unit of purchased electricity or per unit of sold product).
- Potential emission factor sources for Scope 3 categories include:
  - EPA's Emissions & Generation Resource Integrated Database (eGRID)
  - IPCC Emissions Factor Database (EFDB)
  - EPA's Emission Factors (EF) Hub
  - U.S. Environmentally-Extended Input-Output (USEEIO)

Request for Feedback:

- What criteria should emission factors meet to be used in this program?
- How should reporters document and explain their use of a particular emission factor, including proprietary models?
- How should reporters document and explain when changing EFs from a prior year?

Spend-Based Accounting

Calculates Scope 3 emissions by multiplying the **financial value** of purchased goods or services by an **emissions factor** that represents average emissions per unit of currency spent.

Value of purchased good ($) x **EF of purchased good (kg CO_2e/$)** = **Spend-Based Scope 3 Emissions**

Spend-Based Accounting (II)

Example: Category 1 – Purchased Goods and Services

(Value of purchased hard drives ($) x Emissions per value of purchased hard drives (CO_2e/$)) + (Value of purchased batteries ($) x Emissions per value of purchased batteries (CO_2e/$))…

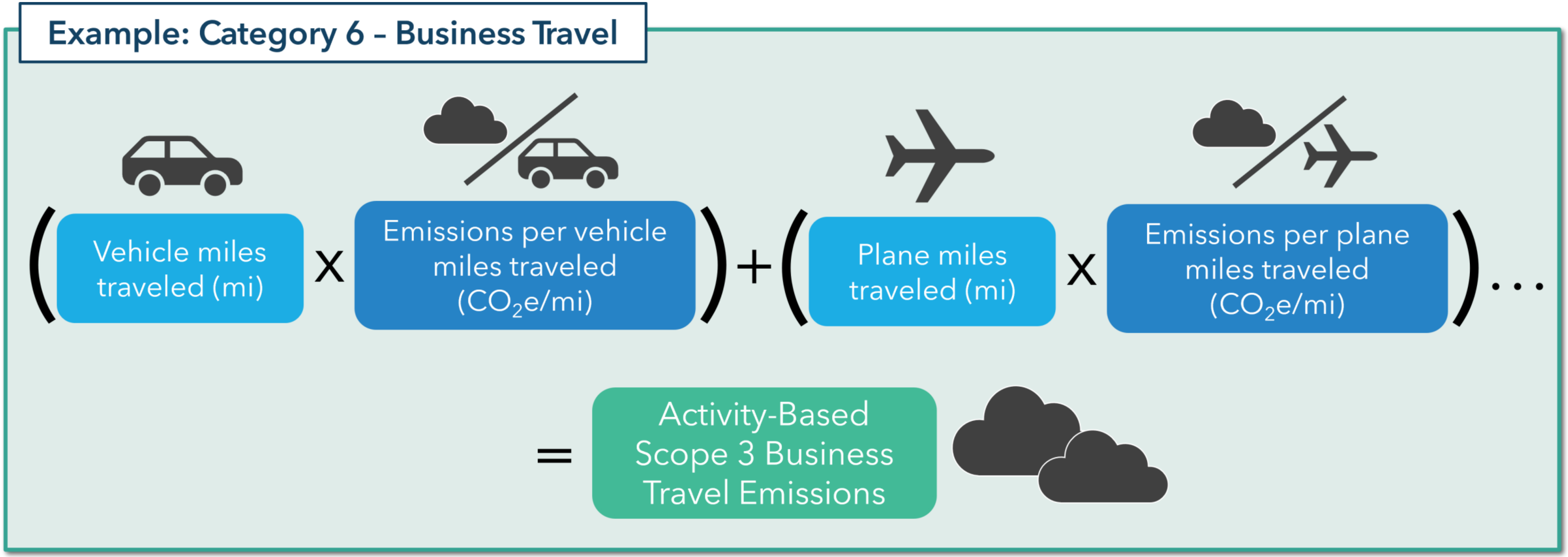
= Spend-Based Category 1 Emissions of PC Product

Activity-Based Accounting

Calculates scope 3 emissions using physical **measures of activity** (e.g., kilograms of materials purchased, kilometers traveled, units produced, etc.) multiplied by relevant **emission factors.**

Activity Metric X **Emission Factor (EF)** = **Activity-Based Scope 3 Emissions**

Activity-Based Accounting (II)



Supplier-Specific Accounting

Calculates scope 3 emissions using **primary emissions or activity data** collected directly from suppliers, typically at a product or process level (e.g., cradle-to-gate emissions).

Activity Metric X **Supplier-specific Emission Factor (EF)** = **Supplier-Specific Scope 3 Emissions**

Supplier-Specific Accounting (II)

Example: Category 1 – Purchased Goods and Services

(Number of purchased engines (# engines) x Supplier-specific emissions per purchased engines (CO_2e/engine)) + (Number of purchased wheels (# wheels) x Supplier-specific emissions per purchased tire (CO_2e/tire)) …

= Supplier-specific Category 1 Emissions

Request for Feedback: GHG Accounting

Organizational Boundaries

- Are there other approaches to organizational boundary setting that CARB should consider?
- How should entities explain their choice of organizational boundary?

Accounting Methods

- What additional information for Scope 1 and 2 reporting should CARB consider in developing final reporting templates?
- What accounting methods does your organization currently use for Scope 1, 2, and 3 GHG estimation?
- Should CARB consider allowing other accounting methods? If so, which ones and why?

Emission Factors

- What criteria should emission factors meet to be used in this program?
- How should reporters document and explain their use of a particular emission factor, including proprietary models?
- How should reporters document and explain when changing EFs from a prior year?

Proposed Regulatory Options for Scope 3 Reporting and Scope 1 and 2 Assurance

SB 253 (HSC § 38532)

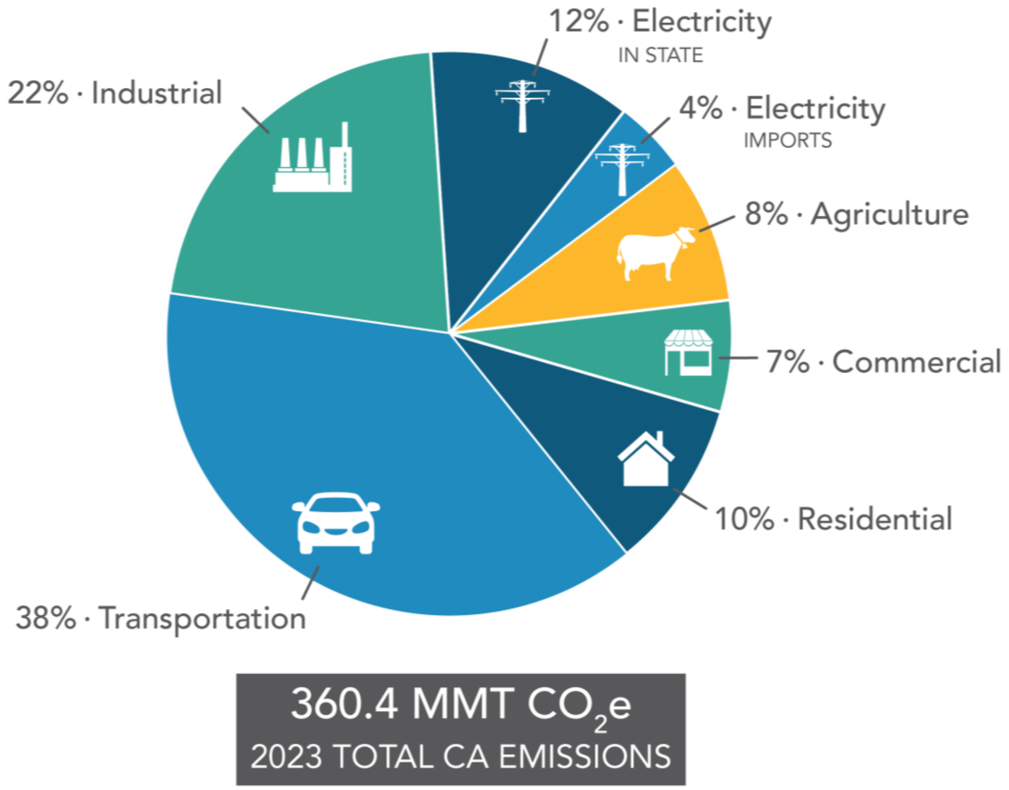
Regulatory Option 1: Broad Applicability

- **Starting in 2027, all reporting entities report on all Scope 3 categories.**
- Starting in 2027, staff propose requiring disclosures that include information about entities' organizational boundary selection, emission factors, and accounting methods.
- Staff proposes that reporters have flexibility to not report categories that they deem *de minimis,* with appropriate explanation.

Request for feedback:

- Should reporting entities be able to report as *de minimis* certain categories due to lack of relevance/materiality and/or feasibility?
- What specific thresholds, definitions, or decision frameworks should CARB use to determine when a Scope 3 category is considered *de minimis* to be reported?
- How should CARB weigh reporting flexibility against alignment with current mandatory and voluntary practices and other international standards?

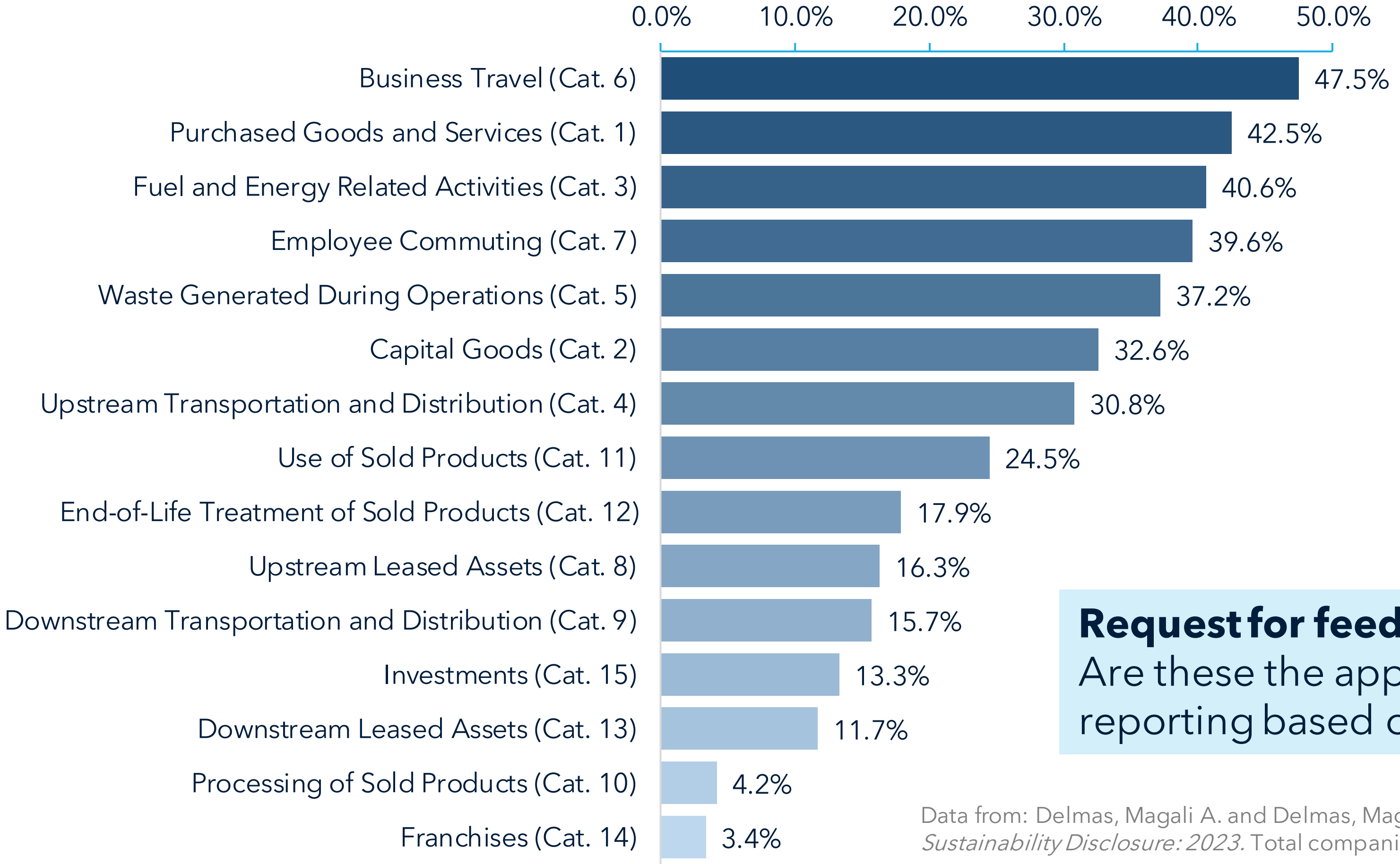
Option 2: Sectoral Phase-In



- **Require Scope 3 reporting from the transportation and industrial sectors in 2027, which aligns with the Scoping Plan by prioritizing sectors responsible for the largest share of statewide emissions that are subject to the greatest transition risk.**
- Initial focus would cover transportation, technology and energy, cement production, and other manufacturing activities.
- Stakeholder feedback will help inform which sectors are the highest priority for reporting starting in 2027, to best aid investors, consumers and other stakeholders, while being responsive to the needs of reporting entities.

Request for feedback:
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?

Option 3: Category Phase-In



- Initial phase-in categories are intended to be broadly applicable across sectors and feasible to estimate using existing reporting practice.
- **Begin with most reported categories (6, 1, 3, 7, 5) and expand to less-reported categories over time. This helps ensure investors, consumers and other stakeholders have the Phase 3 emissions reporting data most available to reporting entities starting in 2027.**
- Allow companies to voluntarily report the other 10 categories.

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

Data from: Delmas, Magali A. and Delmas, Magali A. and Clark, Kelly and Li, Jiaxin and Timmer, Tyson. (2024). *The State of Corporate Sustainability Disclosure: 2023.* Total companies surveyed = 497. Companies that did not disclose any scope 3 categories = 213 (42.9%).

Request for Feedback: Scope 3 Reporting Options

Option 1: Broad Applicability

- Should reporting entities be able to report as *de minimis* certain categories due to lack of relevance/materiality and/or feasibility?
- What specific thresholds, definitions, or decision frameworks should CARB use to determine when a Scope 3 category is considered *de minimis* to be reported?
- How should CARB weigh reporting flexibility against alignment with current mandatory and voluntary practices and other international standards?

Option 2: Sectoral Phase-In

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Assurance Engagements

Current rulemaking:

- Limited assurance for Scope 1 & 2, starting in 2027.
- SB 253 assurance requirements slated for 2030 for are not part of this rulemaking.

Proposed Standards for Current Rulemaking:

- AA1000 Assurance Standard (AA1000AS v3)
- AICPA (AT-C Section 210 (review engagement: limited) or AT-C 205 (examination engagement: reasonable)
- ISAE 3000 (Revised) and ISAE 3410 (until December 2026)
- ISSA 5000 (effective December 2026)
- ISO 14064-3:2019 (ISO 14065 / ISO 14066 – provider qualifications)

Standards Accepted in Other Jurisdictions

- **ISSA 5000 (replacing ISAE 3410):** adopted or in progress in regions including the EU, UK, Australia, Hong Kong, Malaysia, Mexico, Saudi Arabia, South Africa, Singapore, Japan, India, China, South Korea, Kenya, Nigeria, and Ghana, among others.
- **ISO 14064-3:** Recognized across ISO member states through National Accreditation Bodies e.g., ANSI National Accreditation Board (ANAB) for U.S., Deutsche Akkreditierungsstelle (DAkkS) for Germany, Japan Accreditation Board (JAB) for Japan etc. (100+ jurisdictions).
- **CSRD/ERES** applied over 20+ EU member states and recognized ISSA 5000/ISAE 3410 & 3000.
- **AICPA:** Ensures domestic CPA firms already providing financial audit services to California reporting entities can perform GHG assurance engagements without requiring entities to engage a separate provider solely for SB 253 compliance.

Request for Feedback: Assurance

- Are there assurance standards or frameworks not currently included in staff's proposed list that should be recognized and why?
- Approximately how many GHG assurance engagements can your organization complete annually for limited assurance?
- What cost ranges are reporting entities currently experiencing for limited assurance engagements?
- What factors are driving assurance costs, and how do costs vary across entity size, sector, and assurance level?

Economic Analysis

STANDARDIZED REGULATORY IMPACT ASSESSMENT (SRIA)

SRIA Overview and Objectives

- **The Standardized Regulatory Impact Assessment (SRIA)** is required by the APA for regulations or regulatory amendments that have an estimated economic impact on California businesses and individuals exceeding $50 million in any 12-month period after adoption.
- This threshold considers **direct and induced costs or savings**, and is determined by CARB staff through the REMI model, a dynamic regional economic modeling tool used to evaluate the economic, fiscal, and policy impacts of decisions at local, state, and regional levels.

Summary of Cost-related Feedback

- Primary costs are related to reporting, which includes:
  - Collecting and compiling GHG data from operations and supply chains.
  - Analyzing GHG data and building Scope 1, Scope 2, and Scope 3 inventories.
  - Preparing and submitting reports.
  - Obtaining third-party assurance for reports.

- *Initial* costs (Y1) are higher than *ongoing* costs (Y2), due to establishment of procedures and protocols.

- Existing cost estimates may be conservative, given "early adopters" effect and increased expertise and capacity in the reporting sector.

Estimating Costs for Staff Concepts

- Initial staff concepts consider phase-in options for Scope 3 reporting.
- To estimate costs of different options, staff need the following pieces of information:
  - Scope 1 and Scope 2 reporting costs.
  - Limited Assurance for Scope 1 and Scope 2.
  - Additional or incremental costs associated with Scope 3 reporting.

Potential Ongoing Costs $2025 (adapted from SEC final rule[1])	
Scope 1 and Scope 2 Reporting	$73,544
Scope 1, 2, and 3 Reporting	$87,498
Limited Assurance for Scope 1 and 2	$55,213
Total Cost Per Entity	**$142,711**

1. Estimates consider emissions-related reporting costs only (i.e., not climate-related financial risk assessment), summarized from public feedback during the 2022 SEC climate disclosure rulemaking, including an industry survey of 39 corporates. Costs adjusted for inflation using the California Consumer Price Index.

Policy Alternatives and Initial Estimated Costs

- Initial and ongoing costs are averaged over the three-year implementation period for different Scope 3 policy options.
- Note that these are **potential** cost estimates reflecting illustrative implementation scenarios and may vary depending on the final scope of covered entities and policy options.
- Average Annual Cost Per Entity:
  - Scope 1 and 2 Reporting: **$82,278**
  - Scope 3 Reporting: **$8,635 – $25,904**
  - Limited Assurance for Scope 1 and 2: **$44,170**
  - Total: **$135,083 – $152,352**
- The maximum annual cost per entity across options is estimated to be **<0.02%** of the $1 billion minimum revenue threshold.

Estimated Average Annual Cost per Entity			
	Option 1	Option 2	Option 3
Year 1	$191,391	$168,983	$167,102
Year 2	$132,833	$120,137	$119,073
Year 3	$132,833	$120,137	$119,073
Avg. Annual	**$152,352**	**$136,419**	**$135,083**

Request for Alternatives

- Pursuant to SB 617, CARB welcomes **public input on alternatives to the draft regulatory proposal** discussed in this workshop, particularly approaches that:
  - May yield the same or greater benefits than those associated with the proposed regulation.
  - May achieve the goals at lower cost.
- Please ensure the submission discusses the alternative's ability to fulfill the purpose of HSC § 38532, and submit the associated cost-benefit information and data sources to enable comparison of economic impacts and a clear description of the basis for any cost calculations.
- Economic alternatives may be submitted for 3 weeks until April 13 through the public docket following this workshop, or via email at ClimateDisclosure@arb.ca.gov.

Request for Feedback: Economic Analysis

- **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).

- **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.

Feedback / Questions

1. Questions will be taken virtually through Zoom
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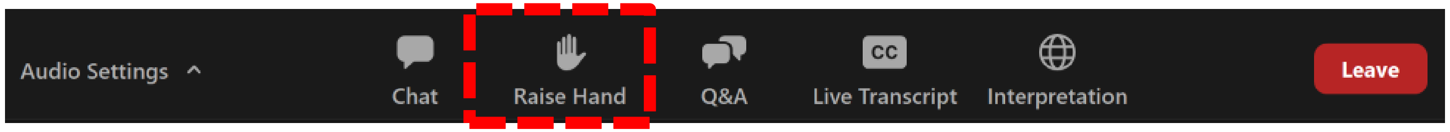

Continued Engagement

- We value your feedback – stakeholder input is critical to shaping this program.
- Public comments on this workshop are due by April 13.
- Sign up with the listserv to stay engaged and be notified of future public workshops and updates:
  - https://ww2.arb.ca.gov/our-work/programs/california-corporate-greenhouse-gas-ghg-reporting-and-climate-related-financial
- Questions or Comments? Contact us at: ClimateDisclosure@arb.ca.gov.