



October 27, 2025

Submitted via the climatedisclosure@arb.ca.gov e-mail

Lauren Sanchez

Chair

California Air Resources Board

1001 I Street,

Sacramento, CA 95814

Re: Comments on the draft reporting template for Scope 1 and Scope 2 GHG emissions pursuant to SB 253

Dear Chair Sanchez:

The Securities Industry and Financial Markets Association (“SIFMA”)¹ appreciates the opportunity to submit this letter to the California Air Resources Board (“CARB”) to inform the implementation of the Climate Corporate Data Accountability Act (“SB 253”), as amended by the Greenhouse gases: climate corporate accountability: climate-related financial risk Act (“SB 219”).²

The matters addressed by the draft reporting template (the “Draft Template”) and the accompanying memorandum (the “Memorandum”) are complex and highly technical issues that go to the heart of SB 253. A 10-business day comment period is insufficient for matters of this

¹ SIFMA is the leading trade association for broker-dealers, investment banks and asset managers operating in the U.S. and global capital markets. On behalf of our industry’s nearly 1 million employees, we advocate on legislation, regulation, and business policy affecting retail and institutional investors, equity and fixed income markets and related products and services. We serve as an industry coordinating body to promote fair and orderly markets, informed regulatory compliance, and efficient market operations and resiliency. We also provide a forum for industry policy and professional development. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association (GFMA). For more information, visit <http://www.sifma.org>. SIFMA appreciates the assistance of Michael Littenberg and Marc Rotter of Ropes & Gray LLP in the preparation of this response.

² SIFMA has made four other submissions to CARB regarding the implementation of SB 253 and SB 261. The first was written comments to CARB on March 8, 2025, providing a discussion of key principles that should inform CARB’s approach to regulation under SB 253 and SB 261, along with specific responses to select questions included in CARB’s Information Solicitation (the “March 8th SIFMA Letter”), available at <https://www.sifma.org/wp-content/uploads/2025/03/SIFMA-letter-in-response-to-CARB-Climate-Disclosure-3-8-25.pdf>. The second, on August 14, 2025, was a document summarizing key takeaways from SIFMA’s June 17 virtual meeting with CARB staff. The third was a letter sent on August 29, 2025 addressing CARB’s proposal to publish a list of companies that CARB believes would be required to report under SB 253 and SB 261 under the approach discussed by CARB staff at the August 21, 2025 virtual public workshop on SB 253, SB 261 and SB 219 (the “August Workshop” and the letter, the “August 29th SIFMA Letter”). Finally, SIFMA submitted written comments to CARB on September 11, 2025 on the implementation of SB 253 and SB 261 following the August Workshop, available at <https://www.sifma.org/wp-content/uploads/2025/09/SIFMA-Comments-on-Second-CARB-Workshop-Submitted-September-11-2025.pdf>.

importance and complexity, which should be addressed through a notice and comment rulemaking process consistent with the California Administrative Procedure Act. Further, it is infeasible to prepare a comprehensive and informed response on these matters absent the full set of proposed regulations implementing SB 253, which may affect how companies gather, obtain assurance over and report GHG emissions.

Given the limited time provided to review and digest the Draft Template and Memorandum, our review remains ongoing. However, as part of our initial review, we have identified several high-level issues that would benefit from further consideration. In an effort to continue its ongoing productive engagement with CARB and provide input to help inform a formal rule proposal on the topics addressed in the Draft Template and Memorandum, a working group of SIFMA members have prepared a preliminary response to the Draft Template and Memorandum that identifies those issues. The items noted below are intended to highlight areas we've identified to date where additional consideration is needed and should not be viewed as an exclusive list of all topics addressed in the Draft Template and Memorandum that SIFMA may have comments on upon completing its review of those materials. We plan to continue to engage with CARB on these topics.

- As required by the statute, any template eventually adopted by CARB should be structured to minimize duplication of efforts and allow for the use of reports prepared to meet other requirements. The statute requires that emissions reporting be structured in a way that “minimizes duplication of effort and allows a reporting entity to submit...reports prepared to meet other national and international regulatory requirements.”

Towards that end, use of any template ultimately adopted should be voluntary or serve as a guide to disclosure. We understand that use of the template would be voluntary for the initial year of reporting but believe this should be extended to reports submitted beyond 2026.

To the extent not voluntary in future years, the Draft Template would need to be significantly revised to provide for greater flexibility, including allowing reporting entities to continue to rely on their current processes for collecting and reporting GHG emissions data, avoiding duplicative or overly detailed reporting fields and ensuring that proprietary information is not made public. Organizations may be reporting against several other regulatory requirements in other jurisdictions and prescribing organizational boundaries, emissions factors and detailed disclosures that go beyond the scope of the GHG Protocol standards is overly burdensome.

- The Draft Template and Memorandum should be revised to be consistent with the Greenhouse Gas Protocol. The statute provides 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...” As part of our initial review of the Draft Template and Memorandum, we have identified several areas where the proposed approach is inconsistent with the Greenhouse Gas Protocol (“GHG Protocol”), including the following:

- Organizational Boundaries. The Memorandum asks if CARB should mandate that all reporting entities use the same methodology to set organizational boundaries. CARB should not mandate one approach to organizational boundaries. In alignment with the GHG Protocol, CARB should provide flexibility in using the equity share, financial control, or operational control approach to defining organizational boundaries.
 - Disclosure by Source and by Gas. The Draft Template calls for disaggregation of emissions by source and provides for optional reporting for disclosure by constituent gas. This level of disaggregation presents a variety of challenges and is inconsistent with how data is typically tracked and reported by many reporting entities. For example, in the context of mergers and acquisitions, timing discrepancies between the integration of companies and the emissions reporting period may require estimation methodologies that make it challenging to report at a highly disaggregated level. Consistent with the GHG Protocol, reporting entities should have more flexibility with respect to the aggregation of emissions data.
- CARB should not include a field for emission reductions initiatives or targets in the template. The Memorandum requests stakeholder input on emission reductions initiatives, including the field for emission reductions associated with direct contracts for renewable electricity and renewable gas and for adding other types of emission reduction initiatives or targets to the reporting template. Including such fields would go beyond CARB’s statutory mandate under SB 253 – which specifically requires companies to disclose “emissions for the reporting entity’s prior fiscal year” and does not call for disclosure regarding initiatives to reduce emissions or targets.
- CARB should reconsider several specific line-item disclosure requirements in the Draft Template. As part of our initial review, we have identified several specific disclosure requirements in the Draft Template that should be reconsidered, including the following:
 - Emission Factor Sources. The Draft Template requires disclosure of the source of emissions factors for both Scope 1 and Scope 2 emissions and appears to assume a single emissions source. However, reporting entities often rely on multiple data sources. Allowing for more free-form data entry or multiple-source references with an example of a desired format (e.g., the EPA Emissions Factor Hub, June 2024) would be a preferable approach. Moreover, neither the GHG Protocol nor SB 253 require disclosure of emissions factors used in the calculation of corporate emissions.
 - Global Warming Potential. The Draft Template requires disclosure of the source of Global Warming Potential (GWP) factors used by the reporting entity (row 66). CARB should not specify GWPs in its reporting template. The GWP values for greenhouse gases provided in the AR-4 report are outdated. More generally, GWP is simply a factor that converts the relevant radiative force of a given GHG relative to carbon, allowing for data aggregation and reporting to be done in a single unit of measure (e.g., MT CO₂e). The Draft Template already requires the reporting of GHG emissions in MT CO₂e – as such, requiring disclosure of GWP factors would not provide any additional useful information to stakeholders. Finally, disclosure of GWP factors used is not required by the GHG Protocol and thus goes beyond the statutory mandate of SB 253.

- Scope 1 Biogenic Emissions. The Draft Template requires disclosure of Scope 1 biogenic direct (combustion) emissions. CARB should remove this disclosure requirement, as biogenic CO₂ emissions are generally immaterial to most companies' Scope 1 emissions. Including them as a required field overstates their importance and increases complexity without improving the quality or usefulness of reported data.
- Emissions Intensity. The Draft Template requires disclosure of emissions intensity per million dollars in revenue for both Scope 1 (row 51) and Scope 2 (row 58) emissions. Disclosure of GHG emissions intensity is not required by the GHG Protocol and SB 253. While the GHG Protocol makes reference to emissions intensity, the GHG Protocol does not require such disclosure. As such, including it in a template for reporting goes beyond the statutory mandate of SB 253. Further, non-public companies are generally not required to otherwise make public disclosures concerning revenue. Requiring an intensity metric based on revenue would thus impose a very significant new public disclosure obligation with respect to financial performance that is not mandated by the statute on a large subset of the companies that would be required to report under SB 253.
- Data Sharing and Third-Party Platforms. The Draft Template indicates that reporting entities will be required to “specify any process-specific calculations, including the tools or models used...” (row 68). The template should not require or result in the public disclosure of specific third-party platforms or software systems used to prepare or manage GHG emissions data. Such disclosure may expose proprietary business systems and data management process. CARB should confirm that this type of information will not be collected or made public as part of the annual reporting process.
- Exclusions, Materiality Thresholds and De Minimis Sources. The Draft Template requires reporting entities to “provide the quantity of emissions associated with sources excluded under the materiality threshold” (row 70). This line item should be removed from the template. The purpose of applying a de minimis or materiality threshold is to avoid quantifying immaterial or non-significant emissions sources. Requiring companies to provide the quantity of emissions excluded under the threshold is contrary to the intent of the materiality threshold and creates an unnecessary estimation burden on reporting entities that is not decision-useful.
- Clarify Distinction Between Inventory Exclusions and De Minimis Exclusions. The Draft Template includes separate rows for disclosing whether any facilities, operations and/or emissions sources have been excluded from the emissions inventory (row 45) and whether any sources were excluded based on the materiality threshold (row 69). As currently drafted, these rows may be interpreted to cover the same emissions sources, leading to inconsistent reporting among reporting entities. For example, a reporting entity may exclude served offices from its inventory boundary on an operational control basis in row 45, while another may classify those same sources as de minimis under row 69. CARB should provide further clarity and/or guidance on this point to promote consistency in reporting.
- Scope 2 Location-Based and Market-Based Disclosures. The Draft Template contemplates disclosure of both location-based (rows 35-38) and market-based (rows

39-42) Scope 2 emissions data but only provides for one line item to report total Scope 2 emissions data (row 54). To maintain flexibility and consistency both with the GHG Protocol and with current processes for collecting and reporting data, the Draft Template should provide flexibility to report Scope 2 emissions in a manner relevant to stakeholders of the relevant reporting entity, including separate reporting fields for both Scope 2 location-based and Scope 2 market-based emissions data. Additionally, rows 72-75 would only capture a subset of Scope 2 market-based emissions reductions (those relating to direct renewable electricity or renewable gas). Market participants should be permitted to provide a more complete market-based emission reductions disclosure that reflects, as applicable, other levers that may be used by a company (e.g., Renewable Energy Certificates or RECs).

- Optional Fields. The Draft Template includes “optional fields” for reporting. Reporting guidance should serve to help companies better understand and effectively meet the reporting obligations. Optional disclosures only serve to confuse reporting entities and should be removed from the template. If CARB chooses to include any optional disclosures in the reporting template, it should provide confirmation that such disclosures will remain entirely optional in perpetuity to provide for maximum clarity and consistency.³

We emphasize again that the limited time provided to review and comment on the Draft Template and Memorandum has not permitted us to complete our review of the important, complex and technical issues contained therein. The above comments are based only on an initial review of the materials published by CARB. We look forward to continuing to engage with CARB on matters related to SB 253 and SB 261.

Additionally, in light of the fact that CARB does not expect to adopt rules addressing SB 253 until the first quarter of 2026, CARB should publish additional guidance on SB 253 disclosure requirements and assurance expectations for the initial reporting period as soon as possible. We recognize that CARB published an Enforcement Notice on December 5, 2024 indicating that CARB would exercise enforcement discretion for the first report due in 2026, on the condition that reporting entities demonstrate good faith efforts to comply with the requirements of the law. However, reporting entities are still navigating a great deal of uncertainty and require lead time to begin preparing for reporting, including engaging third-party assurance providers. Further guidance is needed.

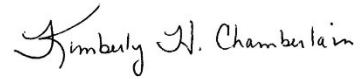
We look forward to further engaging with CARB on these matters after we have the opportunity to fully digest the Draft Template and Memorandum and engage with our members and other stakeholders. If you have any questions or would like to discuss these points further, please contact Melissa MacGregor (mmacgregor@sifma.org; 202 962 7300), Kim Chamberlain (kchamberlain@sifma.org; 202 962 7411), or our counsel Michael Littenberg (Michael.Littenberg@ropesgray.com; 212 596 9160) and Marc Rotter (Marc.Rotter@ropesgray.com; 212 596 9138) at Ropes & Gray LLP.

³ Additionally, certain of the “optional fields” overlap with other fields proposed in the Draft Template. For example, the matters addressed in rows 177 and 178 overlap with certain fields earlier in the Draft Template that call for quantitative data, emissions factors, and other information. If CARB does retain any of the “optional fields,” those that are redundant with disclosure required elsewhere in the Draft Template should be removed.

Sincerely,



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SIFMA



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cc: Sydney Vergis, California Air Resources Board
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