April 13, 2026

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

Re: Ceres Comments Following the March 23, 2026, Climate Disclosure Workshop (Implementation of SB 253, Codified in Health & Safety Code § 38532)

Dear Chair Sanchez and Staff,

Ceres is grateful for the opportunity to provide comments in response to the requests for feedback posed by California Air Resources Board (CARB) staff in the virtual public workshop held on March 23, 2026. As always, we appreciate CARB staff's hard work to draft the regulations implementing the corporate disclosure programs established by Senate Bill (SB) 253, the Climate Corporate Data Accountability Act, codified at Health & Safety Code (HSC) § 38532; and SB 261, the Climate-Related Financial Risk Act, codified at HSC § 38533. We hope these comments are helpful as staff draft the forthcoming regulation related to the California Corporate Greenhouse Gas Reporting Program (SB 253).

In response to staff's requests for feedback in the workshop, Ceres circulated a survey to solicit input from members of our Policy Network, Company Network, and Investor Network. These include some of the largest global companies with whom we work on an in-depth basis on climate strategy and disclosure. All views expressed in this submission are anonymized if they originated from a member of Ceres' networks; where indicated, some statements represent Ceres' independent organizational views. Ceres also held one-on-one meetings with several companies that operate carbon accounting and sustainability reporting platforms, as well as several assurance providers.

Ceres received feedback from 11 companies, all of which will be reporting entities under HSC § 38532. Ten of these are public companies and one is private; industries represented are primarily technology and industrials/manufacturing. In addition to this corporate feedback, Ceres conducted one-on-one conversations with three carbon accounting/reporting platforms and three assurance providers. This feedback (presented in this comment letter anonymously, like the feedback we received from the corporate survey) helped us gather input related to CARB staff's economic analysis for the Standardized Regulatory Impact Assessment (SRIA). Although we only had time to reach a relatively small sample size of reporting platforms and assurance providers during this abbreviated comment period, we hope you consider this anecdotal evidence as you update your economic analysis. We also appreciate that CARB staff are referring to the extensive feedback the U.S. Securities and Exchange Commission (SEC) received from companies and investors a few years ago when the agency was considering its own climate disclosure rule.

These comments are presented in the order in which CARB staff posed requests for feedback at the public workshop, organized along four sections: A) GHG Accounting; B) Scope 3 Reporting Options; C) Assurance; D) Economic Analysis. **Ceres' comments are in blue text**.

A) GHG Accounting

1. **Organizational Boundaries:** CARB staff have proposed two approaches for setting organizational boundaries: the equity share approach and the control approach. See p. 11 of the slides.
    a. Are there other approaches to organizational boundary-setting that CARB should consider?
        i. Companies unanimously approved of staff's proposed approach. They generally responded that the two approaches (three if you consider both operation and financial approaches within the control approach) are the most common and aligned with Greenhouse Gas Protocol (GHGP) guidance. Companies appreciate the flexibility to continue using the organizational boundaries they have established for voluntary reporting.
            1. One company said: "In multinational companies, emissions data from countries, sites, and business units are rolled into a single enterprise-level inventory using consistent definitions and methodologies. Allowing flexibility for enterprise-level boundary setting supports consistency, comparability, and auditability across jurisdictions while avoiding duplicative reporting systems."
            2. Another company said: "CARB should set boundary-setting requirements in alignment with eligible internationally recognized standards like ISO 14064-1 (2018) and GHGP (2015). CARB should consider reviewing and updating the eligible list of standards every three years."
        ii. In Ceres' March 2025 response to CARB's initial solicitation for information on the laws' implementation, we said:
            Consistent with the overarching push for maximal interoperability, most companies urge CARB to conform as closely as possible to the GHG Protocol and avoid customizing California's emissions reporting requirements… As [one] company put it: "Give companies the flexibility to use established voluntary reporting boundaries for compliance. Many companies have been disclosing GHG emissions in all three Scope categories for years. In pursuit of interoperability and global consistency, CARB should give companies flexibility to use established voluntary reporting boundaries for compliance."
        iii. In Ceres' October 2025 comment letter on CARB's draft Scope 1-2 reporting template, we said:
            Companies should be permitted to select equity share, financial control, or operational control boundaries, as permitted by the GHG Protocol. Requiring a single approach could impede

companies' ability to rely on existing inventories disclosed to meet other reporting standards, including the EU Corporate Sustainability Reporting Directive (CSRD) and IFRS S2.

b. How should entities explain their choice of organizational boundary?
    i. Feedback from companies included:
        1. "Entities should be required to disclose their chosen boundary methodology (operational control, financial control, or equity share), provide rationale for their choice, and document any year-over-year changes including reasons and dates. This practice enhances transparency and comparability. CARB should provide a standardized disclosure template for boundary methodology that aligns with GHG Protocol Corporate Standard requirements."
        2. "Entities should be able to explain their organizational boundary by describing how it aligns with financial consolidation practices, global sustainability reporting frameworks, and internal governance structures. Clear documentation of boundary selection supports transparency and consistent application across reporting years and jurisdictions."
        3. "Entities should be able to reference their existing voluntary disclosure methodologies and explain alignment with established frameworks like the GHG Protocol Corporate Standard. Companies should disclose the emissions activities included in their reporting boundary and provide rationale for parent-level versus subsidiary-level reporting based on operational control and decision-making authority."
        4. "Companies can explain their choice of organization boundary by detailing considerations of control/influence over operations, reporting structure and alignment with organizational strategy and climate targets."

2. **Accounting Methods:**
    a. **Proposed Adjustments to Scope 1 and 2 Reporting (starting in 2027):** As part of this rulemaking, CARB is developing templates for Scope 1 and 2 reporting to be used in 2027 and beyond. 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 global warming potential values.
        i. What additional information for Scope 1 and 2 reporting should CARB consider when developing final reporting templates?

Part 1: Voluntary mitigation reporting

1. In a March 2025 response to CARB's initial solicitation for information submitted by Environmental Defense Fund (EDF), Conservation International, Beyond Alliance, Ceres, and C2ES, we said:

…voluntary mitigation actions are not captured consistently in company greenhouse gas inventories due to a lack of clear inventory accounting guidance. Specifically, the Greenhouse Gas Protocol (GHGP) does not provide detailed guidance on quantifying or characterizing mitigation impacts from these instruments, nor does it provide a standardized reporting template to transparently communicate important details about those instruments. California can improve the transparency and comprehensiveness of corporate climate reporting by enabling companies to report on the full suite of actions and instruments they are using to address their climate impact and mitigate climate risks.

2. In Ceres' October 2025 comment letter on CARB's draft Scope 1-2 reporting template, we said:

   In recognizing only those emissions reductions associated with direct contracts for renewable electricity and renewable gas, the draft reporting template fails to recognize and provide reporting guidance for most of the wide range of market-based instruments that companies increasingly use to meet voluntary climate targets… As CARB develops further guidance and refines its reporting templates for all emissions scopes, it should clarify what information reporting entities should provide regulators to verify and credibly substantiate the climate impacts achieved through market-based instruments, including guidance on how to relate those investments to the company's inventory or impact ledgers.

   CARB can ensure that companies transparently and consistently characterize their use of market-based mitigation instruments by incorporating or endorsing recognized sources of target accounting guidance. Such guidance may also support compliance with other California reporting requirements, especially AB 1305. This guidance is now available; it was issued by the Task Force for Corporate Action Transparency (TCAT), launched in September 2025.

3. See also October 2025 comment letters from EDF and TCAT.
4. TCAT has established standardized, multi-ledger templates for companies to report more consistently on their climate targets and their investments in mitigation actions. This common reporting language is purpose-built for third-party assurance and designed to complement widely used emissions reporting standards, including the GHGP. The TCAT guidance is not meant to replace existing

reporting frameworks, but rather to complement those frameworks by filling in gaps in current methodologies. TCAT's first corporate pilot ran through Fall 2025 and concluded in December, providing a structured opportunity to pressure-test the guidance before a public consultation period and the next scheduled revision to the guidance (to be completed by the end of 2026). There were more than a dozen companies piloting the guidance in this initial phase.

   a. Ceres encourages CARB to engage with TCAT and develop guidance for reporting entities to optionally disclose their investments in voluntary carbon credits and other market-based instruments alongside their GHG emissions inventories. Ceres notes that this would be consistent with the EU CSRD: ESRS E1-9 [DRAFT November 2025] requests information from reporting companies to enable an understanding of "actions to reduce and permanently remove GHGs from the atmosphere and of the amount and quality of carbon credits [the company] has purchased or intends to purchase from the voluntary market."

Part 2: Additional corporate feedback

5. Some companies objected to the notion of a mandatory emissions reporting template:
   a. "My understanding was that the reporting template was optional. Is this not the case? I think the reporting template should only be necessary if a company does not already have a public-facing report that meets all the disclosure requirements."
   b. "The bill requires reporting of Scope 1 and Scope 2 emissions. Any metrics and information beyond those metrics and related methodology is outside of the scope of the bill and only serves to further complicate the reporting process for corporates."
   c. "Templates for data files should be simple, non-binding and limited to the data fields required by law and allow companies to provide links to existing voluntary disclosures. This approach reduces duplication, lowers compliance costs, and aligns with international regulatory practice where prescriptive templates are not required."
6. Others provided feedback on the October 2025 draft template:
   a. "We agree with all the comments in the original Ceres comment letter on CARB's proposed SB 253 templates. Additionally, we have the following specific comments: 1) We would suggest that companies do not need to provide a list of all entities/facilities that are under operational control

if the approach is consistent entity-wide. 2) We suggest that the total Scope 1 and Scope 2 emissions should be reported rather than each source of these emissions. Additionally, we agree that Scope 2 emissions should be differentiated between market-based and location-based emissions. 3) We suggest that CARB allow companies to disclose the use of materiality thresholds and not require companies to provide the quantity of emissions associated with sources excluded under materiality thresholds. 4) For any spaces that are excluded and require disclosure, we suggest CARB give examples to assist companies with these disclosures."

b. "CARB should expand reporting templates to require both location-based and market-based accounting for Scope 2, with market-based as the primary metric for companies with renewable energy procurement strategies. Templates should also accommodate the emerging multi-ledger framework (Attributional + Impact/Consequential accounting) aligned with the forthcoming GHG Protocol revisions (TCAT/AIM frameworks). Additional fields should include biogenic emissions breakouts."
c. "Additional context explaining organizational boundary selection, accounting methodologies, and material assumptions would support comparability and usability of reported data. Flexibility to align Scope 1 and 2 disclosures with globally applied reporting systems can help avoid duplicative processes without reducing data quality."
d. "We encourage CARB to maintain flexibility in GWP selection, allowing reporting entities to use the most current IPCC values (e.g., AR6), as requiring outdated factors would introduce unnecessary recalculation burden and reduce alignment with existing corporate inventories. We also recommend not requiring emissions-intensity metrics, now or in future years. As a private company that does not disclose revenue, a revenue-normalized metric would effectively force disclosure of sensitive financial information and provide limited additional value beyond absolute emissions."
e. "[There should be] space to be able to use NA along with free text."

b. **Proposed Flexibility for GHG Accounting Methods:** CARB staff outlined four GHG accounting methods: 1) spend-based; 2) activity-based; 3) supplier-specific; 4) hybrid combination of these approaches. The approaches are explained on p. 17-22 of the slides.

i. What accounting methods does your organization currently use for Scope 1, 2, and 3 GHG emissions?
    1. All companies responded that they use a hybrid combination of the approaches. More detailed feedback included:
        a. "For Scope 1 and 2: Activity-based methods using actual consumption data (utility invoices, meter reads, EMS/BMS reports). For Scope 3: A hybrid 4-approach hierarchy aligned with the GHG Protocol Scope 3 Standard: (a) Supplier-specific allocated data (preferred), (b) Economic hybrid using company revenue, (c) Calculated hybrid combining allocated and economic methods, and (d) EEIO spend-based fallback. Market-based Scope 2 emissions are strictly prioritized over location-based for all supplier calculations."
        b. "We use a hybrid approach including spend-based, activity-based, and supplier-based data. Our approach to quantifying our carbon footprint reflects the complexity of our business by combining both operational and financial records from our operations around the world. We first estimate our carbon emissions for all activities within our boundary using a spend-based environmental assessment model, then enhance the accuracy with process-based calculations or lifecycle assessment (LCA) models, when applicable. Each year, we work to continuously improve our estimates and assumptions used for emission calculations."
        c. "Globally recognized GHG accounting methodologies, including activity-based and spend-based approaches depending on data availability and relevance. These methods are embedded in centralized systems designed to support enterprise-wide reporting across jurisdictions."

ii. Should CARB consider allowing other accounting methods? If so, which ones and why?
    1. Feedback included:
        a. "These accounting methods are complete. However, most companies would use a combination, as most companies would not be able to get actual activity data for all categories. Therefore, an important reporting point would be the methodologies used to calculate emissions when actual data is not available."
        b. "Methods should be aligned with internationally recognized standards such as ISO 14064-1 (2018) and the GHG Protocol Corporate Standard (2015). Rather than prescribing specific methods in regulation, CARB should provide optionality by including methodologies in the rule

and referencing existing international standards. CARB can maintain a curated list of eligible standards, reviewed every three years. If a reporting company wants to use a different standard, they can do so with clear justification."

c. "Allowing flexibility to use established accounting methods that are already applied globally supports data quality and consistency. Prescriptive requirements that diverge from widely used methodologies may increase complexity and compliance costs without improving decision-usefulness."
d. "(1) CARB should specify that LCA methods which are very common would fall under supplier-specific (or activity-based in certain circumstances). (2) Market-based Scope 3 should be added as an option."
e. "Yes. CARB should recognize and accommodate the multi-ledger accounting system being developed through the GHG Protocol revision process, including an Inventory Ledger (attributional), a Contractual Ledger (market-based instruments like RECs and EACs), and an Impact Ledger (consequential/avoided emissions). This would future-proof California's requirements, reduce compliance risk, and align with evolving international standards. CARB should also explicitly permit use of contractual instruments (EACs, RECs) for market-based Scope 1 and Scope 3 reporting where verified and like-for-like matched."
    i. **Note: This relates to feedback we provided above under *Question 2(a), Part 1: Voluntary mitigation reporting*.**
f. "CARB should also clarify that companies can continue reporting under the current GHG Protocol Scope 2 Guidance, which was in place when SB 253 was enacted, at least until 2033. In addition, we recommend that CARB specify that any updated GHG Protocol standards would not be automatically required of reporting entities, with any potential mandatory adoption of updated standards after 2033 subject to notice-and-comment rulemaking to promote transparency and consistency."
    i. **Note: While Ceres agrees with this position (refer to Ceres' response to the GHGP Scope 2 public consultation in January 2026), we acknowledge that there are diverging views on the content of the Scope 2 update. The view presented above (*do not require mandatory adherence to the updated Scope 2 Guidance until at least 2033*) does not necessarily reflect the**

position of all companies whose feedback is presented in this comment letter.

3. **Emission Factors:** CARB staff named the following datasets as potential emission factor sources for Scope 3 categories: 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).
    a. What criteria should emission factors meet to be used in this program?
        i. Feedback included:
            1. "I don't think CARB should specify what factors can or cannot be used. I think that if a company uses emission factors and then meets the criteria that allows them to be third-party verified, then a company can use whatever they want."
            2. "CARB should refrain from specifying permissible databases. The criteria must stipulate the use of a widely accepted, scientifically credible database."
            3. "Emission factors from recognized, peer-reviewed sources should serve as the baseline for CARB. Publicly available emissions factors lag behind company-specific emissions factors modeled and updated regularly to reflect current science. CARB should establish data quality objectives and guidance including how recent the data should be and requiring disclosure of uncertainty levels for estimates, but should not develop a prescriptive list of emissions factors."
            4. "Emission factors should be transparent, regularly updated, and derived from credible, publicly available sources. Consistency with widely used international datasets supports comparability and assurance."
            5. "We believe that the proposed set is reasonable, but the use of proprietary sets should be allowed. Although the use of proprietary EF sets is already alluded to, we believe that it is important that it remain an option."
            6. "Being too exacting with emissions factors is unhelpful. We'd want CARB to adopt some broadly worded considerations or criteria that allow flexibility in the EFs chosen. The criteria in the policy are a little too strict for this purpose. We suggest something like:
                a. To the extent reasonable or practicable, the EF should reflect the specific activity, technology, vintage (time period), and geographic location of the emissions source.
                b. EFs should be sourced from publicly recognized and authoritative sources. Internally developed EFs may also be used, provided they are based have been adequately reviewed and documented.

c. The source, vintage and calculation basis for every EF used must be auditable."

7. "The emissions factor should be from a reputable source, including those that CARB has listed or other relevant associations listed on the GHG Protocol website. The emissions factors should also be geographically, time and industry appropriate. Generally, the most up-to-date emissions factors available at the time of calculating GHG emissions/reporting should be used. However, because emission factors are updated at different times throughout the year, it may not be practical to incorporate every update without affecting reporting timelines or consistency in target setting. Therefore, companies could also establish a process for an initial cutoff of emissions factors, and then perform a sensitivity analysis to evaluate whether newer emissions factors released before the reporting date would result in a material (designated threshold) change in the emissions amounts or not. A reporting entity should disclose their approach, including how they select emission factors and how they assess the impact of more up-to-date data."
8. "Emission factors generally depend on two key criteria: (1) Methodology and (2) Quality. On methodology, emission factors should be calculated using eligible international carbon accounting standards such as ISO 14040/14044/14064-1 or GHGP. On quality, emission factors should be chosen such that they capture full life cycle emissions, are as timely as possible, as geographically relevant as possible, and as transparent as possible. Recognizing the uncertainty and variety in quality, CARB should reference ISO 14040/14044/14064-1 and GHGP standards for additional guidance. Any deviations should be disclosed by the reporting organization.
    a. CARB's proposed list is too U.S.-centric given that Scope 3 emissions span global value chains. Additional sources to recognize include: IEA, EU AIB, and other national emission factor databases."

ii. Ceres also notes that CARB, and some commenters, have expressed concerns about the emission factor data required for spend-based Scope 3 calculations. The two most widely used federal datasets (USEEIO and eGRID) are facing continuity risks. The scheduled January 2026 release of eGRID2024 has not appeared, and maintenance of the USEEIO emission factors has effectively moved out of EPA.
    1. This concern has since been mitigated, as both datasets are now maintained as open-access resources by the Cornerstone Sustainability Data Initiative, a collaboration among Stanford, Watershed, and ERG that covers over 65% of the market. Cornerstone has already independently generated the eGRID2024 dataset using EPA's published code and public input data. As a

result, the emission factor infrastructure for Scope 3 compliance exists, will be actively maintained, and will remain free for all users.

b. How should reporters document and explain their use of a particular emission factor, including proprietary models?
    i. Some companies expressed that this portion of a forthcoming rulemaking would be unnecessary:
        1. "Companies should not have to report on any particular emission factors."
        2. "This would be part of the assurance process, not needed for CARB to prescribe."
        3. "The necessity to specify the database utilized should be waived, provided the data is deemed relevant and credible. For instance, in the case of supplier-specific emission factors, a company may be unable to identify the precise database employed."
    ii. Other companies provided the following feedback:
        1. "Reporters should describe the source of emission factors, key assumptions, and rationale for selection at a high level. This supports transparency while recognizing that proprietary models may be part of established internal systems."
        2. "Companies should disclose which emission factors are used, their sources, and methodologies. However, exemptions from disclosure are needed for commercially sensitive information like expenditures. Companies should provide enough information for the assurance provider to conduct analyses."
        3. "Disclosing the emission factors and datasets used on an annual basis is reasonable. For proprietary emission factors and datasets, third-party validation should be required."
        4. "For each emission factor used, companies should report the relevant data quality indicators of the emission factor as detailed by the GHG Protocol. These indicators include the following: (1) Technological representativeness; (2) Temporal representativeness; (3) Geographical representativeness; (4) Completeness; and (5) Reliability."
        5. "Reporters should document: the emission factor source and version; rationale for selection; any proprietary model methodology summary; and data quality indicators (DQI) consistent with GHG Protocol guidance."
c. How should reporters document and explain when changing emission factors from a prior year?
    i. Several companies' responses echoed the feedback conveyed above:
        1. "Again, I don't believe companies should be required to report on this level of detail."
        2. "This would be part of the assurance process, not needed for CARB to prescribe."

3. "CARB should look to the assurance provider statement for any relevant information on this topic."

ii. Other companies recommended:

1. "Provide written justification and explanation for year-over-year changes in emission factor source."
2. "By mentioning the database used and the reason for it (relevance, latest, widely accepted, scientific)."
3. "Changes should be documented with a brief explanation of the reason for the change, such as improved data availability or updated datasets, and whether the change materially affects reported results."
4. "Companies should provide a justification for switching emission factors year-over-year, but not be required to explain changes to publicly available emission factors."
5. "Changes in emission factors should be evaluated similarly to changes in financial accounting, specifically as changes in accounting principles, estimates, or error corrections."
6. "A change in an emissions accounting principle (e.g., reporting boundaries or methodology, or standard like the GHG Protocol) should be documented with explanation. If companies switch emission factors year-over-year, they should provide justification.
    a. A change in an emissions accounting principle is analogous to a change in financial accounting principle under U.S. GAAP— i.e., determination of whether the change represents an accounting principle change, a change in estimate, or an error.
    b. A change in emission factors due to new data or improved estimation techniques is analogous to a change in accounting estimate. These changes should be applied prospectively, affecting only current and future reporting periods, regardless of the materiality of such changes, as the changes are related to changes in accounting estimates based on new data available."

B) Scope 3 Reporting Options

CARB staff outlined three proposed paths for regulating Scope 3 disclosures, explained on p. 25-27 of the slides:

1. *Broad Applicability*. All reporting entities report on all Scope 3 categories; reporters have some flexibility to omit categories that they deem de minimis, with appropriate explanation.
2. *Sectoral Phase-In*. Require Scope 3 reporting from the transportation and industrial sectors in 2027, prioritizing sectors responsible for the largest share of statewide emissions that are subject to the greatest transition risk. Stakeholder feedback would inform prioritization of reporting from other sectors.

3. *Category Phase-In*. Begin with most reported Scope 3 categories (6, 1, 3, 7, 5) and expand to less-reported categories over time. Allow companies to voluntarily report the other 10 categories.

Ceres strongly supports Option 1 (Broad Applicability). The GHG Protocol Scope 3 Standard (p. 60-61) states:

> *Companies should follow the principles of relevance, completeness, accuracy, consistency, and transparency when deciding whether to exclude any activities from the scope 3 inventory. Companies should not exclude any activity that would compromise the relevance of the reported inventory… In particular, companies should not exclude any activity that is expected to contribute significantly to the company's total scope 3 emissions.*

Ceres does not see any provision in the statute that gives CARB the latitude to allow these sorts of broad phase-ins. HSC § 38532 dictates: "…the state board shall develop and adopt regulations to require a reporting entity to annually disclose **all** of the reporting entity's scope 1 emissions, scope 2 emissions, and scope 3 emissions [emphasis added]."

Moreover, deviating from the GHG Protocol by providing reporting entities this level of flexibility will cause interoperability challenges and make assurance more difficult. Broad phase-ins—premised on the highest-emitting sectors, or the most commonly reported Scope 3 categories—are not consistent with the intent of SB 253 and would diminish the harmonization between California's disclosure laws and other reporting standards. The efficiency and affordability of compliance with these laws is contingent on CARB's regulations not diverging from the widely accepted global standards that companies have supported throughout this regulatory process. We reiterate this feedback from Ceres' March 2025 response to CARB's initial solicitation for information:

> *Consistent with the overarching push for maximal interoperability, most companies urge CARB to conform as closely as possible to the GHG Protocol and avoid customizing California's emissions reporting requirements… As [one] company put it: "Give companies the flexibility to use established voluntary reporting boundaries for compliance. Many companies have been disclosing GHG emissions in all three Scope categories for years. In pursuit of interoperability and global consistency, CARB should give companies flexibility to use established voluntary reporting boundaries for compliance."*

Ceres is sensitive to the concern that Scope 3 reporting requirements could compel smaller, non-regulated companies to supply emissions data to help inform the Scope 3 inventories of regulated entities whom they supply. However, the GHGP clearly permits large companies to use estimates for emissions in their value chain that originate from small businesses, rather than collecting primary data from those businesses. **SB 253 also includes a safe harbor to ensure that covered entities are not subject to an administrative penalty for any Scope 3 data misstatements made under a reasonable basis and disclosed in good faith**. It is obviously difficult for reporting entities to obtain activity data from all suppliers and other third parties in their value chains, or to verify the accuracy of that information. As such, it is permissible for reporting

entities to rely on estimates and assumptions to generate Scope 3 emissions data. It is simply not realistic, for instance, that a major food and beverage company would go to thousands of small businesses in its value chain—such as family farms—to demand granular data when it could instead rely on estimates. To the extent such a company would make those demands of its small suppliers, it would likely have been doing so already to inform voluntary emissions reporting. If a reporting entity had not been disclosing any GHG emissions until it fell within scope of SB 253, is it likely that the entity will now strive for primary data from each of its suppliers? Ceres spoke with representatives from a carbon reporting platform who said: "CARB should follow the GHGP's flexibility, including spend-based and other forms of averaging and estimating. You can do that without having to collect direct data from a supply base. The most usable inventories do get direct data, but there are ways to do that without burdening the supply chain; exciting new AI tools, for instance."

Additionally, SB 253 provides that reporting will 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 reporting requirements." Many reporting entities will be subject to emissions reporting requirements in other jurisdictions. CARB staff should be asking: what is the *incremental* cost of reporting in California vs. other jurisdictions? Neither the EU CSRD nor the ISSB Standards permit these sorts of generous phase-ins. Harmonization with other reporting requirements is paramount, and CARB risks unintended consequences if it deviates this significantly from other jurisdictions' treatment of emissions reporting.

With that said, Ceres offers the following feedback on staff's proposed regulatory options:

1. **Option 1: Broad Applicability:**
    a. Should reporting entities be able to report as de minimis certain Scope 3 categories due to lack of relevance/materiality and/or feasibility?
        i. As stated above, the GHGP Scope 3 Standard says that companies "shall account for all scope 3 emissions and disclose and justify any exclusions. Companies may exclude scope 3 activities from the inventory, provided that any exclusion is disclosed and justified." The principles of relevance, completeness, accuracy, consistency, and transparency should guide such exclusions. While Ceres agrees with the intent of this question, "de minimis" is only mentioned in passing twice in the Corporate Standard and is not mentioned once in any other GHG Protocol Standard (source). Ceres urges alignment with the GHGP—i.e., some flexibility to exclude Scope 3 categories (provided such exclusions are disclosed and justified), but no explicit recognition by CARB of "de minimis" categories of Scope 3 emissions.
        ii. Furthermore, the GHGP Corporate Standard and Scope 3 Standard are undergoing significant updates, slated to be completed in 2026; these updates may well include a more prescriptive, quantitative definition of insignificant or de minimis emissions. CARB should not get ahead of that process.

iii. CARB should align with other global standards. For instance, IFRS S2 states: "This Standard includes the presumption that Scope 3 greenhouse gas emissions can be estimated reliably using secondary data and industry averages. In those rare cases when an entity determines it is impracticable to estimate its Scope 3 greenhouse gas emissions, the entity shall disclose how it is managing its Scope 3 greenhouse gas emissions."

iv. Ceres also submits the following feedback from companies:

1. "CARB should align fully with GHGP, which allows for this. CARB should not set additional de minimis or relevance definitions, or rules that prescribe what these mean. 'Relevance' and 'de minimis' are also different concepts under GHGP, but should both be considered for CARB reporting."
2. "We support Option 1 with de minimis exclusions, as it aligns with the general materiality concepts outlined in GHGP and ISO organizational carbon accounting standards and other international regulations."
3. "We are fully supportive of Option 1."
4. "We support retaining flexible, GHGP-aligned de minimis or materiality determinations, which allow companies to apply professional judgment without introducing new, prescriptive thresholds that would add complexity without improving accuracy."
5. "We support Option 1. However, we do suggest that Scope 3 categories that are not relevant or material to a company should not need to be reported. Yes, we do think that reporting entities should be able to report certain Scope 3 categories as de minimis."
6. "In Scope 3, CARB should require that companies disclose GHG emissions categories that they can influence and reliably estimate. By definition, Scope 3 emissions are beyond a company's direct control, but in some parts of the value chain a company can more effectively engage suppliers and support their efforts to decarbonize. CARB should prioritize measurement, verification, and disclosure of Scope 3 emissions [for which] a company can have meaningful ability to influence reductions, access primary data or use reliable estimation methodologies, and link to decarbonization strategies and targets."
7. "Allowing limited de minimis treatment for clearly immaterial categories can support efficient reporting while maintaining overall completeness, provided the rationale is transparently explained."
8. "Yes, some Scope 3 categories are structurally irrelevant for companies depending on their business."
9. "Yes, this is also aligned with GHGP."

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

i. Ceres' strong view is that it would be counterproductive for CARB to establish *any* novel thresholds, definitions, or decision frameworks. Rely on the GHGP, as mandated in statute.
ii. Companies said:
    1. "CARB should align fully with GHGP. CARB should not set additional de minimis definitions or rules that prescribe what this means. Otherwise, companies will have to do separate analyses for CARB, increasing compliance costs."
    2. "Companies should be permitted to exclude categories that were in alignment with the GHG Protocol Scope 3 Standard."
    3. "Decision frameworks based on materiality, relevance to the business model, and data feasibility can support consistent application while avoiding unnecessary complexity."
    4. "The International Standards Organization (ISO) 14064 recommends assessing indirect emissions significance to avoid pursuing unquantifiable emissions or inflating figures by focusing on sources beyond control or influence."
    5. "A threshold of <5% of gross Scope 1+2+3 emissions for each Scope 3 category is appropriate and aligned with other international standards and regulations. Additionally, CARB should allow exclusions in alignment with other internationally recognized standards (such as GHGP (2015) and ISO 14064) and regulations. Companies should be allowed to exclude certain emissions that are deemed not relevant or applicable based on these standards and regulations."
iii. Two other companies pointed to the Science Based Targets initiative (SBTi):
    1. "Latest guidance from SBTi's Corporate Net Zero Standard sets the threshold for 'Significant Categories' as those which individually represent 5% or more of the company's total scope 3 emissions based on the physical inventory."
    2. "The threshold typically used and stated by the SBTi is 5% of total Scope 3 emissions. Therefore, as long as the total unreported Scope 3 emission categories do not exceed 5% of total Scope 3 emissions in the aggregate, a company should be able to report these categories as de minimis. In cases where comparative years are presented and a category is material in one year and de minimis in another, a company should generally report the category for both years, as year-over-year comparability is a principle of the GHG Protocol and sustainability reporting frameworks."
iv. In Ceres' October 2025 comment letter on CARB's draft Scope 1-2 reporting template, we said:

    Avoid establishing novel materiality thresholds. *Consistent with the broader focus on interoperability, companies emphasized that they rely on widely used definitions of materiality in disclosure*

standards such as the ISSB Standards and the EU CSRD. They ask that CARB consider allowing companies to disclose the materiality thresholds they use.

c. How should CARB weigh reporting flexibility against alignment with current mandatory and voluntary practices and other international standards?
    i. In Ceres' March 2025 response to CARB's initial solicitation for information, we said:

> ***Do not reinvent the wheel with California-specific reporting requirements; instead, ensure interoperability with other reporting standards****. Feedback from companies was unanimous: the most important goal of CARB's implementation should be to ensure interoperability with other reporting standards. Every company Ceres heard from is either already reporting its climate risks and greenhouse gas (GHG) emissions voluntarily or is subject to mandatory climate reporting requirements in jurisdictions such as the European Union—in most cases, both. […]*
> *SB 261 and SB 253 were purpose-built for interoperability: they each rely on a common set of well-understood disclosure frameworks—namely the TCFD recommendations and the GHG Protocol, respectively—that have similarly underpinned other reporting standards globally. Companies are accustomed to reporting against these frameworks, which helps limit their compliance burden across multiple jurisdictions.*

    ii. Companies said:
        1. "Most mandatory standards look to GHGP, and CARB should therefore only align with GHGP."
        2. "Alignment with current mandatory practices and international standards allows for better interoperability and less reporting work for the same data."
        3. "CARB should prioritize alignment with the GHG Protocol and emerging international standards (ISSB, CSRD/ESRS) to maximize interoperability and minimize duplicative reporting burden. Deviating from the GHG Protocol by providing excessive flexibility (e.g., broad sector or category phase-ins) will cause interoperability headaches and make assurance harder. Alignment across jurisdictional frameworks is the single most impactful step CARB can take to reduce administrative burden while maintaining data quality."
        4. "CARB should continue prioritizing alignment with other mandatory and voluntary reporting obligations. Any Scope 3 reporting for CSRD or ISSB-aligned frameworks should be eligible as a basis for SB 253 reporting."
        5. "Alignment with widely used international standards is important to maintain consistency and comparability across jurisdictions.

Flexibility that supports interoperability reduces reporting burden and facilitates assurance."

6. "CARB should align with international standards (e.g., GHG Protocol 2015) and maintain a curated list of acceptable standards, reviewed every three years."

iii. One company differed:

1. "CARB should prioritize flexibility to use established voluntary reporting boundaries for compliance. While the GHG Protocol's Scope 3 Standard requires companies to evaluate all 15 categories, CARB should consider developing a decision-useful approach that focuses on measurable impact rather than theoretical completeness. Mandating disclosure of emissions categories that offer minimal reduction potential undermines the core purpose of carbon accounting: driving meaningful climate action."

2. **Option 2: Sectoral Phase-In**
   a. Are these sectors (transportation, industrial, energy) the appropriate starting point for a phased approach to Scope 3 reporting? What factors should CARB consider in confirming or adjusting this prioritization?
      i. Ceres strongly discourages CARB from pursuing Option 2.
      ii. Companies said:
         1. "While these sectors are logical starting points based on statewide emissions share and transition risk, we do not support a sectoral phase-in approach. All reporting entities subject to SB 253 should report on all material Scope 3 categories. Peer companies across the technology sector already report Scope 3 voluntarily through CDP and other frameworks; a sectoral exemption would reduce the availability of supplier emissions data that downstream reporters depend on."
         2. "A sectoral phase-in approach creates an uneven playing field, would increase complexity, and reduces the type of comparability that drives effective action. Furthermore, it is unclear as proposed whether the phase-in applies to the reporting entity's sector or to the emission source sectors within a company's value chain. This distinction is material to how companies would comply and should be resolved before this option is evaluated further."

3. **Option 3: Category Phase-In**
   a. Are these the appropriate Scope 3 categories (6, 1, 3, 7, 5) to prioritize for initial reporting based on data availability and relevance across sectors?
      i. Ceres strongly discourages CARB from pursuing Option 3.
      ii. Companies said:
         1. "These are among the most commonly reported categories, but we do not support a category phase-in approach. The statute requires Scope 3 reporting in alignment with the GHG Protocol, which does

not envision selective category reporting. Category materiality varies significantly by sector—e.g., Category 1 (Purchased Goods & Services) dominates for many service companies, while Category 2 (Capital Goods) and Category 11 (Use of Sold Products) may be more material for manufacturers. A category phase-in would undermine comparability and could delay action on each company's most material emission sources. If a phase-in approach is taken, we recommend that Categories 2 and 11 be included, as the vast majority of companies' emissions fall in one of these categories."

2. "Assuming this applies to all reporting companies, and the de minimis threshold would still apply to the Scope 3 categories identified, this option could be considered. However, Option 1 with a de minimis threshold is still preferred over this to maintain a level of simplicity and comprehensiveness. And this Option 3 should be opposed if it does not include a de minimis threshold, as it would force companies to report on non-material sources."
3. "Employee commute emissions are often heavily, if not entirely, modelled. Same is true for Category 5. I would not consider these as a high priority for initial reporting."

C) Assurance

Limited assurance for Scope 1 and 2 disclosures will be required starting in 2027. Although the statute requires assurance in 2026, CARB staff announced in their November 2025 public workshop (see bottom of p. 12) that, pursuant to the agency's December 2024 enforcement notice, limited assurance is not required for data submission in 2026. For 2027 and beyond, CARB staff have proposed the following standards for assurance engagements:

- 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)

This information is discussed on p. 29-30 of the slides. CARB staff request feedback on the following questions:

1. Are there assurance standards or frameworks not currently included in staff's proposed list that should be recognized and why?
    a. No feedback. Companies agree with staff's proposed list.
2. Approximately how many GHG assurance engagements can your organization complete annually for limited assurance?
    a. Companies said:
        i. "Our corporate footprint is verified annually."
        ii. "We complete one GHG assurance engagement annually."

iii. "This question is more relevant for assurance providers than reporting entities. As a reporting entity, we obtain one annual limited assurance engagement for our GHG inventory. We note that condensed verification timelines are a significant operational concern. CARB should ensure reporting timelines allow sufficient time for assurance completion."
iv. "No more than one."
v. "'Number of engagements' is the wrong metric. A single engagement can cover multiple metrics. CARB should prioritize consolidation and consistency - the most relevant metrics should be assured once annually under a consistent methodology."

3. What cost ranges are reporting entities currently experiencing for limited assurance engagements?
    a. **Reporting entities' answers to this question are provided under *Section D: Economic Analysis*.**
4. What factors are driving assurance costs, and how do costs vary across entity size, sector, and assurance level?
    a. Reporting entities said:
        i. "Key cost drivers include: (1) Scope and complexity - Scope 3 assurance is significantly more costly than Scope 1-2 due to reliance on third-party supplier data and complex allocation methodologies; (2) Data infrastructure maturity - organizations with established data collection systems face lower marginal assurance costs; (3) Entity size and geographic spread - multi-facility, multinational companies face higher costs for site-level data verification; (4) Assurance level - reasonable assurance requires substantially more testing than limited assurance. Alignment with existing disclosure frameworks (CDP, SEC, CSRD) would reduce costs by allowing auditors to leverage existing workpapers.
        ii. "Assurance costs are driven by the scope and complexity of the engagement, including: the granularity and coverage of reported emissions; reporting frequency; the level at which assurance is performed (parent vs. entity); the degree of assurance sought (limited vs. reasonable); and the overall size and complexity of the company's value chain."
        iii. "(1) Type of audit firm and audit standards (i.e., a Big 4 accounting firm can sometimes be multiple times the price of a boutique audit firm); (2) Entity size and number of categories reported can also be factors driving assurance cost."
        iv. "Assurance costs are driven primarily by Scope 3 complexity, data availability across the value chain, and the scale and diversity of operations. Centralized, enterprise-level assurance supports efficiency, while jurisdiction-specific disaggregation would materially increase cost and complexity."
        v. "Size and assurance level are main drivers."
        vi. "The time and effort it takes to complete an assurance process, especially for Scope 3—even with limited assurance. Reasonable assurance seems extremely difficult for Scope 1, 2 and 3."

b. **Assurance providers' answers to this question are provided under *Section D: Economic Analysis*.**

D) Economic Analysis

A SRIA is required for regulations that have an estimated economic impact on California businesses and individuals exceeding $50 million in any 12-month period after adoption. CARB staff's compliance cost estimates are discussed on p. 34-38 of the slides; cost estimates vary based on the three regulatory pathways for Scope 3 reporting outlined above.

Estimated 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

1. Are these costs 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).

To answer this question, Ceres surveyed not only the 11 reporting entities whose feedback is quoted throughout this comment letter, but also three carbon accounting/reporting platforms and three assurance providers.

Carbon accounting/reporting platforms:

- **One carbon management platform charges around $50,000-Six Figures for Scope 1-3 emissions inventories, with many reporting entities subject to SB 253 eligible for the $50,000 price point** (e.g., simple operations, compliance-only focus).
    - The company's price structure is generally based on the complexity of the company, i.e., complexity of the emissions inventory (asset-light company vs. super heavy industrial manufacturing); they may also consider employee count or revenue.
    - The company's customers span a huge range—from giant multinationals who pay higher fees, down to mid-market private companies who pay lower fees. They are often privately held, sometimes PE-owned; or they may supply a larger company that asks for the data as a condition of the business relationship.
    - Many customers prepare an inventory in a few weeks; timelines have shortened in the last few years.
- Another carbon accounting platform estimates that, based on the prices they quote and the prices they see in the market, **companies would pay around $40,000-$90,000 annually to comply with the SB 253 disclosure requirements**.

- This pricing reflects the annual cost of a carbon accounting platform to measure full Scope 1-3 emissions, access the relevant emissions factors, and produce a report in line with CARB's final template.
- Pricing in this market is typically modular, with companies able to purchase additional features and services depending on their overall sustainability program needs. Some companies – particularly larger, multinational companies – will be paying significantly more, often due to more complex programs, multiple reporting obligations, and/or more hands-on or bespoke support. That pricing does not necessarily reflect the costs required to comply with the basic requirements of SB 253, but rather the costs of those companies' wider sustainability programs.
- The market overall (measurement plus assurance) has seen significant decreases in pricing since the SEC proposed its rule, primarily due to significantly more providers in the space, advances in technology (e.g., AI reporting and data mapping), and increased experience/capabilities within companies.
- **This provider also stated that the assurance costs cited seem to reflect the top end of the assurance market, and believed that assurance costs can be around the $15,000-$30,000 mark**.

- **A third carbon management platform says their year-one costs for Scope 1-3 reporting are generally $30,000-$45,000**. All-in costs (services, license, and assurance) may not be dramatically lower than CARB's figures, but the real difference appears in year two and beyond. Once the platform is implemented (i.e., automated), service requirements drop significantly. **A rough assessment is that CARB's total cost estimate for carbon reporting is 30% too high on average, especially from year two onward**.
  - There is a major difference between asset-light companies (tech, financial services, etc.) and manufacturing firms with multiple sites. CARB staff's high estimate for Scope 1-2 reporting may reflect more of a manufacturing-type business with a complex emissions profile. But those companies don't represent the bulk of reporting entities that need to disclose under SB 253.
  - For SB 253 (all scopes) and SB 261, this platform typically sells 20-30 days of services. For instance, one big tech customer that is a reporting entity required 21.5 days of support, and that included some level of methodology support.
  - If CARB staff's cost model relies on four-year-old SEC data, those figures are likely based on consulting-heavy delivery (man-days). It doesn't reflect the "platform-era" technology available today.
  - Scope 3 estimates seem suspiciously low, likely assuming spend-based methodology only. However, the Scope 1 and 2 estimates appear very high.
  - The assurance cost estimates likely reflect Big Four pricing. Other providers would be significantly lower; for example, the pricing shared from smaller consulting firms would likely be about 30% lower (depending on the size and the industry of the company seeking assurance).

Assurance providers:

- One assurance provider performs limited assurance engagements for approximately 30-40 clients annually, with client revenues ranging anywhere from $500 million to $30 billion, and an average typically between $2 billion and $4 billion. The provider estimates that most of these clients will be subject to SB 253.
    - The cost of assurance engagements is primarily driven by the complexity of GHG accounting methodologies and the volume and nature of data used to support disclosures. Client revenue is considered a minor factor in determining cost.
    - While this provider's perspective is based on anecdotal evidence rather than quantitative market research, it is their view that the cost of sustainability services, including GHG verification, has declined since the time of the SEC's initial cost-benefit analysis. While inflation has increased over the years, the change in market supply and demand has likely not been considered in the CARB cost estimates.
        - Also, companies are treating verification as a standardized, repeatable annual service, which lends itself to being treated more as a commodity—and companies are more transparent in their willingness to find competitive pricing.
    - Based on this provider's internal cost structure and direct client feedback, **limited assurance engagements covering Scope 1 and Scope 2 GHG emissions typically range from $10,000 to $25,000, with an average engagement falling between $15,000 and $18,000**.
        - Their maximum verification contract value is $50,000. They acknowledge that costs are expected to increase as engagements transition to a reasonable assurance level; however, these increases may be partially offset over time by improvements in auditor efficiency, familiarity with the client from year-to-year engagements, and the growing integration of AI-enabled tools into assurance processes.
- Another provider assessed assurance engagement data for their current active client list and found that roughly 41% are likely subject to SB 253. Among those, it is roughly a 50/50 split between public companies and private (family- or private equity-owned). All of them are in limited assurance engagements.
    - All clients but one are using the AA1000 assurance standard; the other is using ISO 14064-3.
    - Clients use a mix of primary and secondary data (no spend data for Scopes 1-2).
    - **Scope 1-2 GHG inventory verification is in the $8,000-$36,000 range; the average cost is $17,375**.
    - Generally, ISO 14064-3 engagements are 20% higher cost that AA1000 engagements.
    - **Currently, the provider's Scope 3 assurance engagements typically add $5,000-$10,000 to the Scope 1-2 fee**, depending on the categories and how many are included – most of these are spend-based data.

- A third provider is a large public accounting firm that does assurance and consulting work in this space. The prior two were boutique providers.
    - **This provider assesses that CARB staff's numbers look reasonably correct. The ~$85,000 for Scopes 1-2 is probably a bit high; the Scope 3 reporting estimate is low. This provider would likely not take on a project for $20,000-$25,000 for a company reporting ~10 categories of Scope 3. However, industry and emissions profiles are extremely important and case specific**.
    - **Staff's assurance cost estimate is 10-15% too low. However, this is an estimate for financial accounting firms; verification from environmental consulting firms will be cheaper, and that is permitted under SB 253. It is not an unreasonable estimate; the Big Four are charging six figures or more, but the $45,000 estimate is not materially wrong**.
    - The competition in this space is robust; there are a lot of firms out there doing this, so this provider must remain competitive on costs if they want the business. Companies have available to them a low-cost service provider if they want more of a check-the-box compliance service.

Above all, these six firms emphasized that pricing for accounting/reporting and assurance engagements is highly dependent on the individual reporting entity's circumstances, as well as the nature of the provider. If staff's cost estimates are primarily driven by the fees charged by large financial accounting firms, they will be significantly higher than those charged by boutique firms that focus on sustainability. If the estimates are based on companies with more complex emissions profiles, they will be higher. Pricing is dictated by complexity, volume of data, and emissions distributions. If a reporting entity's emissions profile is heavily weighted towards a few sites, that is a different proposition than one whose emission are distributed across a vast real estate portfolio.

Finally, artificial intelligence tools can powerfully enhance emissions accounting and data management. AI can transform unstructured data, improve the accuracy of emissions estimates, and streamline tasks that until recently required manual effort. The technological advances in this space have been transformative, even in the few years since the SEC's initial cost-benefit analysis.

Reporting entities:
All but one of the 11 reporting entities whose feedback is reflected throughout this comment letter are large cap public companies with relatively complex emissions profiles. Their compliance costs are accordingly higher than the average company's. Their feedback:

- "Data collection costs are typically ~$100,000-$225,000, which can increase if individuals are responsible for gathering actual activity data. Audit costs can range significantly and can go up to almost $400,000 when using a Big Four audit firm for Scope 1, 2 and 3 limited assurance. Assurance costs can also be as low as $35,000."
- "The cost estimate for Scope 3 reporting seems low. There are 15 categories, which leads to many more datapoints than Scopes 1 and 2. I think Scope 3 reporting will be

a major cost for many entities, especially for those that haven't reported Scope 3 in the past. Assurance costs are generally $40,000-$80,000."

- "While specific cost figures are confidential, primary cost drivers for limited assurance include: Big Four audit firm fees; internal staff time for data preparation and audit support (across sustainability, finance, and operations teams); and third-party data consultant fees for supplier data QA/QC. The overall cost of GHG reporting and assurance extends well beyond the assurance engagement itself, encompassing enterprise carbon accounting software, facility management vendor data collection, and multi-team quarterly reporting cycles."
    - CARB's estimated total of $135,083-$152,352 per entity is likely understated for large, complex reporting entities with global operations, hundreds of suppliers, and multi-scope reporting obligations. Key underestimated cost areas include: (a) Scope 3 data infrastructure - enterprise supplier survey platforms, third-party QA/QC consultants evaluating 300+ suppliers against 200+ quality criteria, and automated data reconciliation systems; (b) Internal FTE allocation - GHG reporting requires coordination across sustainability, finance, legal, facility operations, transportation, and security teams on monthly/quarterly cycles; (c) FM vendor data collection costs across hundreds of facilities.
        - However, significant cost reduction is achievable through alignment with existing disclosure frameworks (CDP, SEC, CSRD), which allows single-source reporting rather than California-specific data preparation."
- "This is dependent on the definition of the estimates within the economic analysis, and whether it is isolated to our historical costs or strictly ancillary costs associated with SB 253. We do not segment our limited assurance engagement costs by scope, so it is ~$400,000 for the holistic engagement today. If the intention is to quantify compliance costs only within the requirements of SB 253, our existing costs are likely higher than average as our reporting and disclosure efforts are more comprehensive than those required by 253. Assurance costs are generally $200,000-$400,000 depending on the audit firm."
- "Our costs are higher, at ~$300,000. We expect to do assurance engagements for CSRD, as well."
- "Assurance costs are significantly higher than the CARB estimate. Our limited assurance for Scopes 1-2 costs approximately $250,000 annually. Third-party verification for Scope 3 alone is approximately $50,000."

2. 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.
    a. Companies responded:
        i. "For large companies headquartered outside California, the majority of reporting costs (estimated 70-80%) will be incurred out of state, at corporate headquarters and through global operations teams. This includes: enterprise sustainability software and data management;

corporate-level GHG accounting staff; third-party consultant and auditor fees (typically contracted at the corporate level); and supplier engagement programs that span global supply chains. In-state costs (estimated 20-30%) would primarily relate to California-specific facility data collection and any state-specific compliance activities. CARB should consider this distribution when assessing the economic impact on California businesses specifically."

ii. "100% will be incurred outside of California."
iii. "Most cost associated with GHG calculation and reporting will be incurred at the consolidated level, as this is how data is calculated and managed."
iv. "Most reporting and assurance costs are incurred through centralized global teams, shared data systems, supplier engagement, and enterprise-level assurance processes rather than state-specific activities."
v. "We estimate 90 percent of costs will be incurred outside of California."
vi. "In-state."

Sincerely,

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