

April 13, 2026

Clerks' Office
California Air Resources Board
1001 I Street
Sacramento, California 95814

Honorable members of the California Air Resources Board (CARB),

Thank you for this opportunity to comment on the implementation of the California Climate Corporate Data Accountability Act (SB 253).¹ This letter is responsive to the Board's requests for feedback in the March 2026 Climate Disclosure Workshop related to (a) February 2026 Board Hearing Outcomes and (b) Scope 3 Reporting Options. The undersigned organizations urge the Board to take formal action to remove the exemption for insurance companies approved on February 26, 2026 in its adoption of the California Greenhouse Gas Reporting and Climate Financial Risk Disclosure Initial Regulation, at the next Board meeting. We also encourage the Board to pursue a broad applicability approach to Scope 3 reporting (regulatory option 1), requiring all reporting entities to report on all Scope 3 categories starting in 2027. In establishing requirements for Scope 3 reporting, if the Board allows "de minimis" exemptions, it should develop clear thresholds, definitions, and decision frameworks that disallow companies from omitting certain activity emissions based on assertions that they lack "influence" over those emissions, or that those emissions are not "financially material," which are narrower standards than SB253 requires.

February 2026 Board Hearing Outcomes: CARB should remove the exemption for insurance companies that was insufficiently justified by the Board and contrary to statute.

As numerous public interest organizations—as well as the bill's author and the former insurance commissioner of California—have argued previously, the Board's decision to exempt insurance companies doing business in the state from emissions reporting requirements under SB 253 is unjustified and unlawful.² The decision contradicts the statute and legislative intent, exceeds the Board's authority, and will leave a significant gap in emissions data from an industry both contributing to and exposed to significant climate-related impacts in the state. The proposed exemption was originally justified in the written proposal from CARB as a measure to promote "continuity" with the Climate-Related Financial Risk Act (SB 261). However, at the finalization hearing in February, CARB instead justified the exemption as a measure to avoid "duplicative

¹ [California Senate Bill \(SB\) 253](#). Wiener, Stats. 2023, ch. 382; codified in Health and Safety Code Section 38532, as amended.

² Public Citizen *et al.* [Comment on CARB's Proposal to Exempt Insurance Companies from Carbon Disclosure](#). February 9, 2026; Camille von Kaenel. "[California advances emissions disclosure rules for large companies](#)." *E&E News*. February 27, 2026.

effort” for reporting entities before finalizing the proposal that same day. This later justification is inadequate for two reasons. First, subjecting insurers to the requirements of SB 253 would not be duplicative and second, even if the requirement was duplicative, the statute does not authorize a reporting exemption.

Subjecting insurers to the requirements of SB 253 would not be duplicative as insurance companies do not currently make standardized or comprehensive emissions disclosures to the California Department of Insurance (CDI) or any other state entity. There are significant gaps in the emissions data CDI currently collects as part of the National Association of Insurance Commissioners (NAIC) Climate Risk Disclosure Survey. Though it collects climate risk information from insurers related to insurers’ assessment and management of climate-related risks, CDI’s existing reporting requirements only encourage insurers to disclose Scope 1, Scope 2, and “if appropriate,” Scope 3 greenhouse gas emissions. There is no statute or regulation administered by CDI which requires it to collect and which requires insurers to report emissions and CDI has no authority to enforce against non-disclosure of emissions by insurers.

An analysis of the 2024 Climate Risk Disclosure Surveys submitted by the largest 20 property and casualty (P&C) insurers operating in California—covering over 70 percent of the P&C market in the state—reveals CDI does not have emissions data from insurers that would satisfy the requirements of SB 253.³ Of these 20 insurers, 15 reported their Scope 1 & 2 emissions to CDI. Ten of these insurers reported some—in many cases negligible—Scope 3 emissions. Only two of these insurers reported Scope 3 emissions inclusive of emissions from their investment portfolios, and none reported Scope 3 emissions inclusive of their underwriting portfolios. Five did not disclose any emissions in their reporting to CDI or did not submit a Climate Risk Disclosure Survey response at all.

Currently, CDI has very little insight into the emissions contributions of the insurance companies they supervise. Only 10 percent of the largest P&C insurers in California are reporting meaningful Scope 3 emissions. Given that Scope 3 emissions, including emissions from insurer underwriting and investment, comprise over 95 percent of insurer emissions, insurer emissions reporting without comprehensive Scope 3 disclosure is largely meaningless.⁴ The disclosure currently provided to CDI is not duplicative of the emissions disclosure insurers are required to provide under SB 253.

Furthermore, even if the emissions disclosures insurers made to CDI were comprehensive, these disclosures would not justify exempting insurers from submitting emissions disclosure to CARB. SB 253 does not authorize CARB to exempt insurers or any other sector from disclosing to CARB. Instead, the statute permits a reporting entity already reporting

³ Elyse Schupak. Public Citizen. [“Contrary to their claims, California regulators have little insight into insurer emissions.”](#) March 25, 2026.

⁴ KPMG International. [“ESG in insurance: Insured emissions.”](#) 2023.

emissions to another national or international entity to submit those emissions disclosures to CARB as well, so long as those disclosures meet the requirements of SB 253. If insurer responses to the NAIC Climate Risk Disclosure survey administered by CDI included emissions disclosures for Scope 1, 2 and 3 and otherwise met the requirements of SB 253, then it would be permitted for insurers to submit those disclosures to CARB. The statute does not, however, authorize CARB to exempt insurers from disclosing emissions to CARB.

In addition, CARB did not provide an opportunity for public comment on the justification that the requirements under SB 253 would be “duplicative” for insurers before finalizing the exemption. For this reason, and for the legal and factual shortcomings of the justification, CARB should propose removing the exemption from the regulation at its next Board meeting.

March 2026 Workshop Proposal: CARB should choose regulatory option 1 (broad applicability) for Scope 3 reporting. If CARB maintains allowance for “de minimis” exemptions, it must establish clear thresholds, definitions, and decision frameworks to produce complete and consistent full-scope greenhouse gas inventories in line with the explicit text of SB253 and “in conformance with the Greenhouse Gas Protocol standards and guidance.”⁵

At the March 2026 Climate Disclosure Workshop, CARB proposed granting companies “the flexibility to not report categories they consider ‘de minimis’ as long as they provide appropriate explanation.”⁶ To enable that outcome, CARB described three potential factors that companies could use to make a “de minimis” determination for a Scope 3 category: 1) “volume of emissions associated with the category,” 2) the “influence an entity has over those emissions,” and 3) whether the category is considered “typically material” for the sector.⁷

If CARB allows for “de minimis” exemptions, “volume of emissions associated with the category” is the only factor CARB should permit companies to use when justifying a “de minimis” determination, or at least it should be a necessary prerequisite to such a determination. Allowing the second proposed factor (“influence over emissions”) to justify “de minimis” determinations and omissions would be inconsistent with the plain text of the law, and the third proposed factor, as described, (“typical materiality” for the sector) would need to be further constrained and redefined to conform with the law.

SB253 specifically defines Scope 3 emissions as those “from sources that the reporting entity *does not own or directly control* [emphasis added] and may include...use of sold

⁵ [California Senate Bill \(SB\) 253](#). Wiener, Stats. 2023, ch. 382; codified in Health and Safety Code Section 38532, as amended, at Section 2(c)(2)(A)(ii).

⁶ CARB. “[Audiovisual recording of SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program](#).” Remarks at 27:34. March 23, 2026.

⁷ *Ibid.* at 27:55.

products.”⁸ SB253 also recognizes that emissions that occur anywhere in a company’s value chain are important to California stakeholders, finding that companies “increase the state’s climate risk through emissions activities that include, but are not limited to, company operations, supply chain activities, employee and consumer transportation, goods production and movement, construction, land use, and natural resources extraction.”⁹

High emissions companies and sectors have long argued that value chain emissions—in whole or in part—are out of their “control” or “influence.” For example, the American Petroleum Institute (API) wrote to the Securities and Exchange Commission in 2022 that “GHG emissions from other companies’ operations are not within the control of the issuer,” in the course of arguing the SEC should “not require Scope 3 reporting.”¹⁰ If a new or expanded carbon tax is enacted at the gas pump, it would obviously impact a gasoline supplier financially even if the emissions actually are emitted by their customers—or their customers’ customers—just as new methane leakage rules for pipelines would financially impact a natural gas power plant buying fuel from a regulated supplier. Further, if a company’s ability to influence certain emissions within their value chain is more limited, those emissions may represent the hardest-to-mitigate risk and be the *most* relevant to users of the data if they exist in significant volumes. Whether or not an issuer feels they have “control” or “influence” over emissions within their supply chain, they can still represent a risk to the firm. SB253 plainly states these value chain emissions “increase the *state’s* [emphasis added] climate risk”¹¹ and considers them proper targets for this reporting regime.

Additionally, the GHG Protocol is unequivocal: “While a company has control over its direct emissions, it has influence over its indirect emissions. A complete GHG inventory therefore includes scope 1, scope 2, and scope 3.”¹² The only example provided by GHG Protocol for a Scope 3 activity omission based in part on “influence” is when the company finds that “based on initial estimates, some scope 3 activities are expected to be insignificant in size (compared to the company’s other sources of emissions) and that for these activities, the ability to collect data and influence GHG reductions is limited. In such cases, companies may exclude scope 3 activities from the report, provided that any exclusion is disclosed and justified.”¹³ In other words, GHG Protocol is not saying that a lack of “influence” over a Scope 3 category or activity alone justifies omission, but rather that the level of “influence” can be considered if the volume of emissions from the activity is “insignificant” in the company’s overall inventory. This

⁸ [California Senate Bill \(SB\) 253](#). Wiener, Stats. 2023, ch. 382; codified in Health and Safety Code Section 38532, as amended, at Section 2(b)(5).

⁹ *Ibid.* at Section 1(g).

¹⁰ American Petroleum Institute. “[Comment to the Securities and Exchange Commission on the Proposed Rule ‘The Enhancement and Standardization of Climate-Related Disclosures for Investors’](#).” At page 14. June 17, 2022.

¹¹ [California Senate Bill \(SB\) 253](#). Wiener, Stats. 2023, ch. 382; codified in Health and Safety Code Section 38532, as amended, at Section 1(g).

¹² Greenhouse Gas Protocol. World Resources Institute and WBCSD. “[Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#).” At page 27. 2011.

¹³ *Ibid.* at page 27.

is reinforced in Section 7.1 which establishes that Scope 3 activity prioritization for data collection efforts should be based on volume first (emissions, spend, or revenue-based), and allows, “[i]n addition,” for other activities to be prioritized based in part on “influence.”¹⁴ **To avoid creating a loophole that allows companies to omit emissions activities based on a self-asserted lack of “influence” over them, CARB should entirely delete the “influence” factor from the “de minimis” framework.**

GHG Protocol goes on: “In particular, companies should not exclude any activity that is expected to contribute significantly to the company’s total scope 3 emissions.”¹⁵ For full-scope greenhouse gas inventories to be not misleading for users, they must be meaningfully complete, and that requires a very high proportion of Scope 3 emissions to be accounted for and reported. Given too much discretion and flexibility, different companies might use different thresholds when determining volumes of emissions that are “de minimis.” Here again, API’s comments to the SEC are instructive of the industry’s thinking: “determination of whether Scope 3 emissions are material...based upon the relation of Scope 3 emissions to a registrant’s overall GHG footprint takes away from individual issuers that are much better positioned to make such a decision.”¹⁶ In essence, API argues against using thresholds based on volume relative to the overall emissions inventory, and instead supports allowing companies to make their own judgments even for large-volume categories of emissions.

Users might draw inaccurate conclusions from greenhouse gas inventories when comparing firms with relatively high Scope 1 and 2 emissions, compared to those with relatively high Scope 3 emissions, if Scope 3 emissions inventories are not meaningfully complete. **To avoid misleading users and undermining the usability and reliability of the entire database, CARB should set clear quantitative thresholds that allow a category of Scope 3 emissions to be considered “de minimis,” for example, if the Scope 3 activity or category represents less than 0.5 percent of the overall volume of the Scope 3 inventory.**

With respect to the third proposed “de minimis” factor (“typical materiality” for the sector), if CARB does not omit it entirely, it should set a definition of materiality that aligns with text and intent of SB253, and allow it to be factored in only in cases where the emissions category or activity already falls under the volumetric “de minimis” threshold.

SB253 requires Scope 3 reporting “in conformance with the GHG Protocol standards and guidance,”¹⁷ which states: “GHG accounting and reporting of a scope 3 inventory shall be based

¹⁴ *Ibid.* at page 66.

¹⁵ *Ibid.* at page 60.

¹⁶ American Petroleum Institute. “[Comment to the Securities and Exchange Commission on the Proposed Rule ‘The Enhancement and Standardization of Climate-Related Disclosures for Investors’](#).” At page 14. June 17, 2022.

¹⁷ [California Senate Bill \(SB\) 253](#). Wiener, Stats. 2023, ch. 382; codified in Health and Safety Code Section 38532, as amended, at Section 2(c)(2)(A)(ii).

on the following principles: relevance, completeness, consistency, transparency, and accuracy,” where “relevance” requires that reporting entities “[e]nsure the GHG inventory appropriately reflects the GHG emissions of the company and serves the decision-making needs of users – both internal and external to the company.”¹⁸ In determining “relevance” or “materiality” in this context, SB253 identifies the “users” of this data as “California investors, consumers, and other stakeholders” who “deserve transparency from companies regarding their greenhouse gas (GHG) emissions to inform their decisionmaking,” and who “have a right to know about the sources of carbon pollution, as measured by comprehensive GHG emissions data of those companies benefiting from doing business in the state.”¹⁹

Under SB253, emissions categories are “relevant” not only if they are “financially material,” but if they help inform the decisionmaking of California investors, consumers, and stakeholders, so any “de minimis” omissions based in part on a lack of “relevance” would need to be justified on the grounds that California investors, consumers, and other stakeholders would find the category lacks “relevance” in their decisionmaking. **CARB should clarify that any “de minimis” omission of a Scope 3 category or activity—based in part on a purported lack of “relevance”—must include a compelling justification grounded explicitly in the statutory text of SB253, characterized by a lack of relevance from the perspective of California stakeholders broadly, not based narrowly on the perspective of the reporting entity or its shareholders.**

Finally, it is critical that finance sector companies report the full range emissions from their financial activities, which include emissions from investments, capital markets activities, and insurance underwriting. The Partnership for Carbon Account Financials (PCAF) is a widely used international accounting standard that satisfies GHG Protocol’s Scope 3-Category 15 requirements.²⁰ **CARB should clarify that reporting entities should use the PCAF standards to satisfy their Scope 3-Category 15 requirement under SB253.**

We appreciate this opportunity to comment and urge CARB to remove the exemption for insurance companies and propose a Scope 3 emissions standard that will deliver complete, transparent, and useful corporate emissions data for California investors, consumers, and other stakeholders. Please reach out to Alex Martin (alex@ourfinancialsecurity.org) and Elyse Schupak (eschupak@citizen.org) if you have any questions.

¹⁸ Greenhouse Gas Protocol. World Resources Institute and WBCSD. “[Corporate Value Chain \(Scope 3\) Accounting and Reporting Standard](#).” At page 23. 2011.

¹⁹ [California Senate Bill \(SB\) 253](#). Wiener, Stats. 2023, ch. 382; codified in Health and Safety Code Section 38532, as amended, at Section 1.

²⁰ [Partnership for Carbon Accounting Financials website](#). 2026.

Sincerely,

Americans for Financial Reform Education Fund
Consumer Watchdog
Dave Jones, CA Insurance Commissioner, Emeritus
Public Citizen
Sierra Club California