



CARB's SB 253 Workshop: Initial Reporting and the Road to Scope 3

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On March 23, 2026, the California Air Resources Board (CARB) held a [public workshop](#) on implementation of the Corporate Climate Data Accountability Act (SB 253), as companies prepare to comply with initial greenhouse gas (GHG) reporting requirements later this year. The workshop followed CARB's February 2026 adoption of initial regulations under SB 253 and SB 261, which we discussed [here](#), and focused largely on potential future rulemakings, particularly with respect to Scope 3 emissions, GHG accounting methodologies, assurance and organizational boundary setting.

Initial Reporting: Scope 1 and Scope 2

Initial SB 253 reporting for Scope 1 and Scope 2 emissions is set to begin this summer, with covered entities required to submit initial disclosures by August 10, 2026.

In the workshop, CARB reiterated its intent to exercise some enforcement discretion for inaugural reporting under SB 253, as originally set out in its December 2024 [Enforcement Notice](#). In that Notice, CARB recognized that “companies may need some lead time to implement new data collection processes,” and stated that it will not take action against entities filing incomplete reports “as long as the companies make good faith effort to retain all data relevant to emissions reporting for the entity’s prior fiscal year.” CARB also confirmed that reporting in conformity with the [Emissions Draft Reporting Template](#) and third-party assurance will **not** be required for 2026 reporting.

CARB further clarified how reporting entities should determine which fiscal year (FY) data to report in 2026. Under the initial regulations approved in February:

- Entities with a fiscal year ending **on or before** February 1, 2026, would report FY 2025–2026– Scope 1 and Scope 2 data.
- Entities with a fiscal year ending **after** February 1, 2026, would report FY 2024–2025 Scope 1 and Scope 2 data.¹

CARB indicated that additional guidance is forthcoming on the 2026 reporting intake process, including procedures for requesting reporting extensions.

What’s Next?

1. Scope 3 Reporting Frameworks

Much of the workshop centered on CARB’s proposed approaches to Scope 3 emissions reporting, which will be required beginning in 2027. CARB confirmed that Scope 3 reporting would encompass both upstream and downstream emissions categories, listed below.

Upstream	Downstream
Purchased goods and services	Downstream transportation and distribution
Capital goods	Processing of sold products
Fuel- and energy-related activities (not included in Scope 1 or 2)	Use of sold products
Upstream transportation and distribution	End-of-life treatment of sold products

Waste generated in operations	Downstream leased assets
Business travel	Franchises
Employee commuting	Investments
Upstream leased assets	

Potential Regulatory Approaches

CARB presented three possible regulatory frameworks for Scope 3 reporting:

- *Option 1 – Broad applicability.* All reporting entities would report all Scope 3 categories beginning in 2027, with flexibility to exclude categories deemed *de minimis*, subject to appropriate explanation.
- *Option 2 – Sectoral Phase-In.* Scope 3 reporting initially would apply in 2027 to the transportation and industrial sectors, including technology, energy, cement production and manufacturing, given their outsized contribution to statewide emissions. CARB has not yet determined when other sectors (e.g., electricity, agriculture, commercial and residential) would phase in.
- *Option 3 – Category-Based Phase-In.* Scope 3 reporting would begin with the most commonly reported and readily available upstream and downstream categories (e.g., business travel, purchased goods and services, fuel- and energy-related activities and employee commuting) while allowing voluntary reporting for the remaining categories.

CARB emphasized that these options are preliminary and encouraged input from stakeholders regarding thresholds, definitions, reporting frameworks, opportunities for flexibility and the appropriateness of the proposed priority sectors and categories.

GHG Accounting Methods

CARB also sought feedback on how companies calculate Scope 3 emissions and whether flexibility in accounting methodologies should be preserved in future regulations. The workshop highlighted four commonly used approaches:

- *Spend-based*. Emissions are calculated using financial expenditures multiplied by emissions factors.
- *Activity-based*. Emissions are calculated using physical activity data (e.g., miles traveled, units produced).
- *Supplier-specific*. Emissions are calculated using primary emissions data obtained directly from suppliers.
- *Hybrid*. Emissions are calculated based on combined elements from the above approaches.

CARB additionally requested feedback on emissions factor datasets (including the U.S. Environmental Protection Agency’s (EPA) Emissions & Generation Resource Integrated Database and Emissions Factors Hub, Intergovernmental Panel on Climate Change (IPCC) Emissions Factor Database, and U.S. Environmentally-Extended Input-Output) and on what criteria emissions factors should meet to promote consistency, transparency and comparability over time.

2. Assurance Requirements

CARB reiterated that no assurance is required for initial Scope 1 and Scope 2 reporting due August 10, 2026. However, beginning in 2027, CARB is considering requiring limited assurance for Scope 1 and Scope 2 emissions reporting.

CARB emphasized that the statutory assurance requirement slated for 2030 is not part of the current rulemaking, and that future assurance obligations remain under consideration. CARB is evaluating a range of potential assurance standards, including ISSA 5000, ISO 14064-3, Corporate Sustainability Reporting Directive (CSRD)/European Sustainability Reporting Standards (ESRS)-aligned frameworks and American Institute of Certified Public Accountants (AICPA) standards, and requested stakeholder input on assurance capacity, costs and implementation challenges.

3. Organizational Boundaries

Finally, CARB discussed three approaches for setting organizational boundaries for GHG reporting:

- *Equity share*. Based on percentage of ownership interest.
- *Financial control*. Based on direction of financial and operating policies, typically aligned if the company is consolidated in financial accounts.

- *Operational control.* Based on control of day-to-day operations.

CARB invited feedback on whether other approaches should be considered and how reporting entities should explain and document their chosen organizational boundary methodology.

Takeaways

Companies should continue preparing to satisfy Scope 1 and Scope 2 reporting obligations in order to meet the August 10, 2026, deadline, confirm which fiscal year data they are required to report, and monitor forthcoming guidance on extensions and reporting intake mechanics. Companies that have not yet started to prepare will want to do so promptly to meet the rapidly approaching deadline and potentially to qualify for CARB's enforcement discretion. At the same time, companies should begin evaluating their Scope 3 emissions profiles and consider submitting feedback to CARB on proposed approaches to Scope 3 reporting, GHG accounting methodologies, assurance and organizational boundaries.

We will continue to monitor and provide updates on developments to California's climate reporting statutes and legal challenges thereto. Please contact a member of our team with questions about reporting and compliance obligations.

¹ SB 253 Public Workshop: California Corporate Greenhouse Gas Reporting Program, CARB, 7 (Mar. 23, 2026).

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