Akin

CARB Previews Next Phase of SB 253: Insights from the Latest Public Workshop

August 3, 2026

Reading Time : **5 min**

By: Kenneth J. Markowitz, Stacey H. Mitchell, Andrew Oelz, Charles Edward Smith

What Happened?

The California Air Resources Board (CARB) continues to refine the implementation of California's landmark greenhouse gas (GHG) emissions reporting law, the Climate Corporate Data Accountability Act (SB 253). During a public workshop held on July 21, 2026, CARB provided important updates regarding SB 253's first reporting cycle and previewed proposed requirements for Scope 3 GHG emissions reporting beginning in 2027. Materials posted by CARB for the workshop may be found here.

SB 253 generally requires U.S.-organized entities doing business in California with more than $1 billion in total annual revenue to disclose their Scope 1, Scope 2 and Scope 3 GHG emissions. Initial reporting in 2026 is limited to Scope 1 and Scope 2 emissions; Scope 3 reporting begins in 2027. We have written extensively regarding California's climate reporting statutes, including most recently here and here.

2026 Reporting Deadline Extended to November 10

CARB announced that the initial deadline for reporting Scope 1 and Scope 2 emissions under SB 253 has been extended by three months, from August 10 to November 10, 2026. The extension will be reflected in a revised version of CARB's initial implementing regulation, which CARB withdrew from review by the California Office of Administrative Law to make limited clarifying changes. Those changes will be released for a 15-day public comment period before the regulation is resubmitted for final approval. CARB also is proposing to retain November 10 as the annual reporting deadline for Scope 1, Scope 2 and Scope 3 disclosures in future reporting cycles.

To support the first reporting cycle, CARB expects to make several additional resources available by September 1, including:

- A voluntary online intake platform for submitting GHG emissions reports and fee-related contact information
- An accompanying guidance document
- An instructional video.

Although the extension provides additional time for covered entities, companies should not treat it as a reason to pause their compliance efforts. The revised initial regulation has not yet been finalized, and CARB continues to expect covered entities to submit their initial Scope 1 and Scope 2 reports by November 10.

CARB Is Considering a Five-Category Scope 3 Phase-In

For reports submitted beginning in 2027, CARB anticipates a more targeted phase-in of Scope 3 emissions reporting. Rather than immediately requiring every reporting entity to disclose emissions across all 15 categories recognized by the GHG Protocol Scope 3 Standard, CARB would initially require reporting for five of the most commonly reported categories:

- Purchased goods and services (Category 1)
- Fuel- and energy-related activities (Category 3)
- Waste generated in operations (Category 5)
- Business travel (Category 6)
- Employee commuting (Category 7).

According to CARB staff, these categories were selected in part because they generally have more established data sources and quantification methodologies. Reporting entities would be permitted to report voluntarily on the remaining 10 categories, including where they already collect that information for other regulatory or voluntary reporting programs.

For each mandatory Scope 3 category, companies would need to disclose more than an aggregate emissions figure. CARB's proposal contemplates disclosure of the activities included in the inventory, the quantification and accounting methodologies used, relevant data types, any exclusions and the proportion of emissions calculated using primary data obtained from suppliers or other value-chain participants. CARB has not yet indicated when or how the remaining Scope 3 categories covered by the GHG Protocol would become mandatory. The five-category approach, and the broader requirements discussed during the workshop, remain at the pre-proposal stage and may change when CARB releases draft regulatory text later in 2026. That proposal is expected to be subject to a 45-day public comment period and likely refinement thereafter before consideration by the CARB board.

Insurance Companies Expected to Enter the Program in 2027

CARB's initial regulation excluded insurance companies from the 2026 reporting cycle to reduce potential duplication with emissions reporting administered by the California Department of Insurance. Various stakeholders, including the author of SB 253, criticized that preliminary decision. CARB has now concluded, however, that the Department of Insurance's reporting framework may not fully satisfy SB 253's future requirements, particularly because it does not necessarily encompass Scope 3 emissions or the statute's assurance requirements. CARB therefore proposes to bring insurance companies within SB 253 beginning with the 2027 reporting cycle. During the workshop, CARB indicated that an insurer could use the same report to satisfy both programs, provided the report meets all applicable CARB requirements. Otherwise, the insurer would need to supplement its Department of Insurance filing with the additional information required under SB 253.

CARB Provides More Detail on Assurance Requirements

Beginning with reports submitted in 2027, reporting entities generally will be required to obtain limited assurance from an independent third party over their Scope 1 and Scope 2 emissions disclosures. CARB is proposing to permit assurance engagements conducted under any of the following standards:

- AA1000 Assurance Standard, Version 3
- American Institute of Certified Public Accountants (AICPA AT-C Section 210)
- International Standard on Assurance Engagements (ISAE) 3410 together with ISAE 3000 (Revised), for engagements beginning before December 15, 2026
- International Standard on Sustainability Assurance (ISSA) 5000, for engagements beginning on or after December 15, 2026
- International Organization for Standardization (ISO) 14064-3:2019, subject to additional accreditation requirements.

An engagement conducted at a reasonable-assurance level also would satisfy the limited-assurance requirement. The assurance provider's written report would be expected to identify, among other things, the standard applied, the level of assurance provided, the emissions covered, the assurance conclusion, information identifying the provider and the engagement completion date.

CARB also emphasized that its regulations will build on the GHG Protocol while seeking to promote interoperability with other significant climate disclosure regimes, including IFRS S2 and the European Union's Corporate Sustainability Reporting Directive (CSRD). On that basis, entities operating in multiple jurisdictions may be able to leverage existing reporting systems, controls and data-collection processes, although CARB has not adopted a general substituted-compliance pathway and California-specific requirements will remain important.

What Companies Should Be Doing Now

Companies potentially subject to SB 253 should use the additional time before November 10 to:

- Evaluate SB 253 reporting requirements and confirm the organizational boundary, reporting period and methodologies that will be used for their 2026 Scope 1 and Scope 2 report.
- Strengthen documentation supporting emissions calculations, estimates, exclusions and data substitutions.
- Map the five proposed mandatory Scope 3 categories to internal data owners, procurement systems and value-chain information.
- Engage prospective assurance providers and assess whether existing controls and documentation will support a limited-assurance engagement in 2027.
- Evaluate whether IFRS S2, CSRD or other existing reporting frameworks and processes can be leveraged without overlooking California-specific requirements.
- Monitor CARB's revised initial regulation, September guidance materials, sector-specific listening sessions and subsequent 2027 rulemaking.

For insurers, the proposed change also warrants an early gap assessment comparing existing Department of Insurance reporting with the broader Scope 3 and assurance requirements CARB is considering.

SB 261 Remains Paused

Separately, implementation of California's climate-related financial risk reporting law, SB 261, remains enjoined pending resolution of the ongoing appeal before the U.S. Court of Appeals for the Ninth Circuit. The injunction does not extend to SB 253, and CARB continues to implement the GHG emissions reporting program while the litigation proceeds.

Categories

Corporate Governance | Compliance | Environment | Climate Change | Sustainability | Regulatory | North America | State Regulations | California Air Resources Board (CARB)

Subscribe to the Speaking Sustainability Blog Series >