



Liane M. Randolph
Chair, California Air Resources Board
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Re: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation

To Staff of the California Air Resources Board:

B Lab Company, a Pennsylvania nonprofit corporation (“B Lab”), is submitting these comments in response to the information solicitation from the California Air Resources Board (CARB) to inform the implementation of California Climate-Disclosure Legislation of Senate Bills 253 and 261.

B Lab supports CARB’s efforts and welcomes the opportunity to provide comments. The California Climate-Disclosure Legislation is aligned with the goals of the B Corp movement which is to contribute to the transition to a more equitable and regenerative economy that works for all people and the planet. Our comments below first explain what B Lab does and why it seeks to build a community of B Corps that meet B Lab’s standards for responsible and sustainable businesses. We then provide comments in response to some of the a select number of questions in CARB’s information solicitation.

About B Lab

B Lab started the B Corp movement in 2007 and continues to promote its growth. B Lab and the members of the B Corp movement are committed to transforming the global economy to benefit all people, communities, and the planet through economic systems change. B Lab creates standards, policies, and tools for business, and certifies companies—known as B Corps—who meet high standards of social and environmental performance, accountability, and transparency. B Lab’s vision is to empower consumers and businesses that seek to transition to a greener and more equitable economy. We believe that vision aligns with the objectives of the intention of Senate Bills 253 and 261 and CARB’s mission to develop approaches to their implementation.

Since its U.S. launch in 2007, the B Corp Movement has grown to include over 2500 B Corps in the United States and Canada, 9,000 worldwide, in 100 countries, and over 200,000 users of the B Impact Assessment. In California, our Community of 430 B Corps is represented by well-known brands at the vanguard of climate disclosure and action including Allbirds, Beneficial State Bank, Patagonia, Amy’s Kitchen, Thrive Market, 3Degrees Group, and many others. These California B Corps prove that doing well by doing good is a better way of doing business and demonstrate the climate roadmap for other businesses to follow.



B Lab coordinates with the wider B Lab movement and develops, manages, and verifies the B Corp performance standards. B Lab U.S. & Canada LLC, as a wholly-owned subsidiary of B Lab, is focused on growing, supporting, and mobilizing the B Corp community in the U.S. and Canada, with a deepening emphasis on racial equity, climate justice, and stakeholder governance. Together, B Lab, B Lab U.S. & Canada, and the entire B movement share a commitment to and vision of an equitable, inclusive, and regenerative economy.

Responses to the California Air Resource Board's Questions:

3b. How could CARB ensure reporting under the laws minimizes a duplication of effort for entities that are required to report GHG emissions or financial risk under other mandatory programs and under SB 253 or 261 reporting requirements?

The implementing regulation developed by CARB should strive to maximize interoperability with other mandatory programs and reporting requirements. Furthermore, B Lab recommends that CARB seek to partner with other standard-setting organizations to co-create and publish implementation guidance and tables to support entities and companies in their gap analyses.

Related to that, B Lab recommends anticipating the trickle-down effect that scope 3 disclosures will have on small and medium-sized enterprises (SMEs) in the value chain of entities in scope of the laws. B Lab's track record of working with SMEs naturally positions us as an ideal partner for capacity building, including but not limited to the issuance of guidance tailored to SMEs, striking a balance between primary data and proportionality. Fostering voluntary emissions data collection practices will contribute to the accuracy of scope 3 disclosures of entities in scope of the laws and drive more meaningful reporting.

8a. For entities required to report under SB 253, what options exist for third-party verification or assurance for scope 3 emissions?

B Lab recommends that CARB avoid being too prescriptive on types of third-party verification and assurance providers. Both statutory auditors (e.g. chartered accountants) and Conformity Assessment Bodies accredited under different ISO standards should be allowed to conduct verification and assurance. ISO 14065, 14064-3 and ISAE 3410 should be considered credible for GHG validation and verification, as well as general requirements for sustainability information assurance and/or verification and validation (ISAE 3000 or ISO 17029). The landscape for assurance is quickly evolving, as sustainability-related disclosures are increasingly being embedded in legislation, and it is important to leave the door open for new standards such as ISSA 5000 and ISO 14019-4 to be considered as valid.

Additional Information:

While SB 253 appropriately focuses on climate, the bill already acknowledges the communities affected by climate change, underscoring the need to consider interdependencies across environmental, social, and governance factors. A siloed approach risks undermining the effectiveness of climate transition efforts. B Lab's work with almost



10,000 companies has proven that a holistic approach to sustainability is not only feasible but critical to addressing the interconnected challenges we face.

Climate resilience and mitigation efforts are deeply reliant on biodiversity, hydric resources, and social cohesion. Ecosystems' carbon capture mechanisms depend on healthy biodiversity, while water scarcity exacerbates vulnerabilities to climate change. Similarly, social cohesion and equitable access to opportunities play a crucial role in ensuring a fair and effective transition. Communities destabilized by inequality or poor working conditions are less capable of adapting to climate-related disruptions.

Disclosures that consider material topics across environmental, social, and governance dimensions provide investors with the necessary context to assess companies' risks, dependencies, and contributions to systemic challenges. Without this, decision-making remains fragmented, and opportunities for systemic impact are lost.

B Lab supports CARB in adopting a "climate first but not only" approach, aligning with global best practices, such as the integrated frameworks of the UK Transition Plan Taskforce and Australian Sustainable Finance Institute's Sustainable Finance Strategy. By embedding the interconnectedness of sustainability topics into guidance and recommending voluntary reporting on other sustainability topics that are material to the entity, CARB can lead the way in fostering climate reporting that enables the report users' understanding of an entity's performance.

B Lab will continue to advocate for the adoption of the measurement, management, and reporting of social and environmental impact as critical concepts for the creation of an inclusive, equitable, and regenerative economy. We greatly appreciate the opportunity to provide these comments and hope CARB will incorporate our suggestions into the final implementing regulation.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Carlota'.

Carlota de Paula Coelho
Senior Policy Manager
B Lab Global

A handwritten signature in black ink, appearing to read 'Holly'.

Holly Ensign-Barstow
Senior Director
B Lab U.S. & Canada