

Liane Randolph, Chair
California Air Resources Board
1001 I Street
Sacramento
CA 95814
USA

13 March 2025

Dear Ms. Randolph,

Subject: California Climate-Disclosure Legislation Implementation

The International Corporate Governance Network (ICGN) appreciates the opportunity to comment on the California Air Resources Board's (CARB) information solicitation to inform implementation of California Climate-Disclosure Legislation (Senate Bills 253 and 261 enacted in 2023, both as amended by SB219 in 2024).

Led by investors responsible for assets under management of >US\$90 trillion, ICGN is an authority on global standards of corporate governance and investor stewardship. Headquartered in London, our membership is based in more than 40 countries. ICGN's *Global Governance Principles* and *Global Stewardship Principles*, written from an investor perspective, are widely used by our members in their company assessments and voting decisions, and by regulators when developing corporate governance rules.

We welcome California's ongoing efforts to enhance transparency of companies' management of climate-related financial risks through passing legislation in 2023 and preparing for implementation in 2025. Climate change may bring material risks (both physical risks and transition risks) for companies across many sectors, as well as material opportunities. How these are managed could impact companies' performance and therefore investors' returns. This is why investors globally have been calling for high-quality, comparable and reliable climate-related disclosures from their investee companies, grounded in financial materiality. This information is needed to make fully informed investment and stewardship decisions, for investors to meet their fiduciary obligations towards their clients and beneficiaries.

We note that the questions asked in the solicitation for feedback are specifically focused on implementation of the existing legislation. We would like to share our perspective on a few specific elements.

We encourage California to ensure high interoperability of its disclosure requirements with the International Sustainability Standards Board (ISSB) Standards, to the greatest extent possible (question 13). ICGN supports the ISSB's mission to develop a global baseline of sustainability-related financially material corporate disclosures. In May 2024, ICGN, alongside 121 investors, companies, industry associations and stock exchanges signed on to a call for commitment from relevant authorities across jurisdictions to adopt the ISSB Standards.¹ So far, jurisdictions representing over half the global economy by GDP

¹ PRI, London Stock Exchange Group, UN Sustainable Stock Exchanges initiative, World Business Council for Sustainable Development, "[Call to Action: ISSB Global Adoption](#)" (22 May 2024)

announced steps to adopt or use the ISSB Standards.² Global adoption of ISSB would help investors draw better comparisons across companies, markets, and sectors over time, which is key for their analyses. It would also help reduce the reporting burden for companies with global operations, subject to multiple reporting requirements.

We welcome the requirement in SB 253 that covered entities must obtain independent third-party assurance for their greenhouse gas emissions disclosures. In July 2024, ICGN published an *Investor Viewpoint on the Assurance of Sustainability Reporting*³, highlighting that to enhance trust in the quality and reliability of companies' sustainability reporting, assurance of this information by an independent third party plays a crucial role. As companies are currently building capacity and developing robust internal processes and procedures for the preparation of sustainability reporting, limited assurance may be a practical starting point, with an expectation of obtaining reasonable assurance over an appropriate period of time. Investors expect all assurance providers to follow a rigorous process and apply high ethical and independence standards, in line with global standards developed by the International Auditing and Assurance Standards Board (IAASB) and the International Ethics Standards Board (IESBA) (question 8).

Finally, we encourage companies to ensure consistency and connectivity between climate-related reporting and their financial statements; ideally, both sets of information should be published at the same time.

Thank you again for the opportunity to share our perspective. If you would like to follow up with questions or comments, please contact Severine Neervoort, Global Policy Director (severine.neervoort@icgn.org) or Maggie Fellowes, Policy Executive (maggie.fellowes@icgn.org).

Yours faithfully,



Jen Sisson
Chief Executive Officer, ICGN

² IFRS Foundation, "[Jurisdictions representing over half the global economy by GDP take steps towards ISSB Standards](#)" (28 May 2024)

³ ICGN, "[ICGN Investor Viewpoint: The assurance of sustainability reporting](#)", July 2024