

General: Applicability

1a. Should CARB adopt the interpretation of “doing business in California” found in the Revenue and Tax Code section 23101? **Yes, or any other definition that is very clear about the definition of “does business in California” and the scope of revenue considered under this requirement.**

For example, if a parent company owns various subsidiaries with different revenues, which revenue do we use to determine applicability? Do we count only the parent company’s revenue, or do we count the parent company’s consolidated revenue (which includes parent’s revenue + all subsidiaries revenues)?

From the example below, which revenue (s) should be counted by the parent company when determining applicability?

Parent company itself: \$400M revenue, does business in California

Subsidiary 1: \$2B revenue, no business in California

Subsidiary 2: \$100M revenue, no business in California

Subsidiary 3: \$1B revenue, has business in California

Should the parent company use the \$400M (which would not meet SB261/253 reporting requirements), or should they use \$1.4B as total of all revenue from entities doing business in California, or the total consolidated revenue of \$3.5B?

1b. Should federal and state government entities that generate revenue be included in the definition of a “business entity” that “does business in California?” **Yes**

General: Standards in Regulation

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? **Adopt the most robust reporting requirements available to date, so it covers all other laws**

3c. To the extent the standards and protocols incorporated into the statute provide flexibility in reporting methods, should reporting entities be required to pick a specific reporting method and consistently use it year-to-year **It is better if CARB requires one standard for all entities to follow (the most robust standard to date).** Otherwise, how will people be able to compare performance between companies if everyone uses a different reporting method? Keep in mind that, once this GHG and climate risk data is published, it will be used by corporates, nonprofits, thinktanks, and consultancies to research and benchmark climate performance between companies and industries. For this dataset to be meaningful, they should follow one reporting standard.

General: Data Reporting

5. Should the state require reporting directly to CARB or contract out to an emissions" and/or "climate" reporting organization? **Report directly to CARB**

SB 253: Climate Corporate Data Accountability Act

7. Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol,¹ which allows for flexibility in some areas (i.e. boundary setting, apportioning emissions in multiple ownerships, GHGs subject to reporting, reporting by sector vs business unit, or others). Are there specific aspects of scopes 1, 2, or 3 reporting that CARB should consider standardizing? **CARB should allow companies to choose whether they will use operational or financial boundary. CARB should standardize the GHGs subject to reporting.**
9. How should voluntary emissions reporting inform CARB's approach to implementing SB 253 requirements? For those parties currently reporting scopes 1 and 2 emissions on a voluntary basis:
 - c. What frequency (annual or other) and time period (1 year or more) are currently used for reporting? **Our U.S. entities do not report anything yet, but our foreign parent company reports on voluntary basis. The existing practice for our foreign parent company is that they report annually for each fiscal year (April-March).**
 - d. When are data available from the prior year to support reporting? **It will be available 6 months after the end of our fiscal year April-March. With assurance, it may take 6-9 months after end of fiscal year.**

SB 261: Climate Related Financial Risk Disclosure

10. For SB 261, if the data needed to develop each biennial report are the prior year's data, what is the appropriate timeframe within a reporting year to ensure data are available, reporting is complete, and the necessary assurance review is completed? **6-9 months after end of our fiscal year. Since our fiscal year finishes at the end of March, it would take us until Sept-Dec to ensure all data and assurance is complete.**
11. Should CARB require a standardized reporting year (i.e., 2027, 2029, 2031, etc.), or allow for reporting any time in a two-year period (2026-2027, 2028-2029, etc.)? **CARB should standardize the reporting year but give companies 6-9 months after**

the end of their own fiscal year to submit the climate risk report within CARB's specified reporting year. Some companies end their fiscal year in December while others end their fiscal year in March or even June.

13. Many entities that are potentially subject to reporting requirements under SB 261 are already providing other types of climate financial risk disclosures.

- h. In what areas, if any, is current reporting typically different than the guidance provided by the Final Report of Recommendations of the Task Force on Climate- related Financial Disclosures? Our U.S. entities do not report anything yet. Our foreign parent reports climate risk; their reporting is based on their global business portfolio and is based on the risks of the general industry sector. In other words, our parent company's current TCFD disclosure is not specific to the risks of the U.S. region and does not provide information on how our U.S. business will be specifically impacted.

CARB should specify whether companies are required to disclose climate risk report specific to each individual entity under scope of SB261 and specific to the United States region.

Additional comments

Standards evolve frequently. CARB should allow a phase-in period if standards change or get updated for companies to catch up with the newest standard. For example, if the standards change, give companies two years to use either the old or new standard before requiring the new standard.

In general, we ask for CARB to clarify the law and make it easy for companies to understand how to comply. This is especially important for complex global companies that have atypical business activities/structures.

For SB261:

1. There are different interpretations of TCFD. Can CARB clarify their specific interpretation of TCFD? Can CARB align with IFRS's adoption of TCFD?
2. Below is an illustration of a complex and global company for which you should consider when deciding on implementation.

Company A is located in Asia and owns many subsidiaries all over the world. One of their subsidiaries is Company B in California. Company B also has its own subsidiaries across the

United States, let's call them Companies C, D, E, F. Companies C & D are subject to SB261, but companies D& E are not.

Currently, company A only reports climate risk on a global level, and only discloses risks of the general industry sectors in which they are involved. Company A does not currently disclose risks specific to Company B or any of B's subsidiaries located in California or United States.

With regard to the parent company consolidated report, CARB should require a single Climate Risk disclosure report from Company B, being the highest level parent company based in the United States. CARB should not accept Company's A existing climate risk report because it is not specific enough to the U.S. region.

This lends to the next question: Will CARB require Company B to disclose their own material risks, in addition to the material risks faced by each of their eligible subsidiaries (Companies C & D)? Or will it be enough to produce one consolidated report by Company B and disclose the most material risks of Company B (which may or may not include the risks relevant to companies C & D)?

For SB253:

1. We request that the Scope 1 & 2 submission deadline for the first reporting year should be in the last quarter of calendar year 2026, to account for the delay in CARB's implementation guidelines.
2. Using the same the global company scenario described above for SB261, we recommend for CARB to require a consolidated GHG inventory at the highest U.S.-based parent company level (i.e., use Company B's inventory, not the foreign parent company A's GHG inventory). This is because Company A's inventory will have a significant amount of data for non-U.S. entities, and it is widely known that different countries follow different practices for GHG disclosure and assurance. This is also why we recommend for CARB to require a separate U.S.-based assurance for the GHG statement. Some examples below:

Different countries have different interpretations of the GHG Protocol. For example, the U.S. EPA requires reporting of biofuel emissions, but other countries' environmental agencies do not require biofuel emissions. The U.S. EPA requires reporting of gross emissions, but other countries allow for net reporting (i.e., avoided emissions).

Emission factors will differ significantly between countries. In the U.S., most companies use location-based factors published by the EPA. In other countries, it is common for environmental agencies to publish emission factors specific to each domestic energy company.

During the assurance procedure, the verifier will only follow what is required by the local government. So using a GHG inventory based on a foreign parent company with foreign assurance will not be adequate for the climate efforts here in California. We request that CARB mandates the use of a US-based assurer.

3. We request for CARB to require companies to adhere to the GHG Protocol as much as possible, as it is the current global standard.