March 18, 2025

Chair Liane Randolph
1011 I Street
Sacramento, CA 95814

RE: Information Solicitation to Inform Implementation of SB 253 and SB 261

Dear Chair Randolph,

On behalf of Green America, we welcome the opportunity to provide this comment letter in response to the "Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219."

Founded in 1982, Green America is the nation's leading green economy organization, providing economic strategies, organizing power, and practical tools for businesses, investors, and consumers to solve today's social and environmental problems. We represent over 250,000 consumers and 1,500 businesses and investors nationwide.

CARB's solicitation for information from stakeholders is an important step in the implementation process for this legislation, which will provide consumers, investors, and communities with the comparable and reliable information they need to assess how climate change is impacting companies that do business in California, and how these companies are impacting the climate by emitting planet-warming pollution.

Californians know all too well the urgency of the climate crisis. From severe droughts to atmospheric rivers to raging wildfires, California is a climate-vulnerable state that has experienced multiple extreme weather disasters firsthand. But California is not alone.

In 2024 the United States experienced 27 climate and weather disasters costing $1 billion or more, according to the National Oceanic and Atmospheric Administration. The total cost of these events was $187.2 billion, making 2024 the costliest year on record. This does not include the recent devastating wildfires in Los Angeles, which are predicted to result in economic losses between $250 billion and $275 billion.

It is appropriate for California to lead on this landmark climate disclosure legislation, which will have national and global impact. The federal climate disclosure rule issued by the Security and Exchange Commission was voluntarily stayed due to legal challenges and will likely be suspended for years as litigation winds through the courts. However, because California's economy is so large, its climate disclosure laws are estimated to apply to 75% of Fortune 1000 companies, according to a report by Public Citizen.

SB 253, the Climate Corporate Data Accountability Act, mandates scope 1, 2, and 3 greenhouse gas emissions reporting for all public and private companies doing business in California with more than $1 billion in annual revenue. It also requires third-party assurance of reported data. SB 261, the Climate Related Financial Risk Act, mandates climate-related financial risks and mitigation strategies for all public and private companies doing business in California with more than $500 million in annual revenue.

This information is critical to a variety of stakeholders:

- Investors need the information to avoid or limit exposure to risky companies, and to push the companies in their portfolio to do better.
- Consumers need the information to "vote with their dollars" and support companies that align with their values and reach out to companies that need to take further action on climate impacts.
- Communities need the information to hold companies accountable for on-the-ground harm from carbon pollution.

Both investors and companies acknowledge that climate change has a material impact on business. The US SIF Sustainable Investing Trends 2024/2025 Report found that climate change is the most frequently considered environmental factor by investors (80%). The report also found that companies reporting headline climate-related risk to the Securities and Exchange Commission (SEC) have grown threefold since 2018.

In particular, the LA wildfires and other natural disasters emphasize the need for increased information about the financial impacts of physical climate risks. For this reason, it is essential that the rules adopted by CARB include reporting from companies on the corporate value at risk from the physical impacts of climate change and what companies are doing to build resilience to these risks.

Meanwhile, consumers – perhaps more so in California than any other state – feel the material impacts of the climate crisis through their property insurance. Twelve major insurers have restricted coverage in California citing climate risks. Homeowners could lose up to $32 billion in property value as a result of more than 100,000 non-renewals, according to Insure Our Future. State Farm, and other insurers dropped thousands of people in Southern California a few months before the devastating wildfires.

Multiple reports find that these property value losses are directly related to climate change. Over one-third of insured losses this century -- $600 billion – can be attributed to climate change, meaning weather losses would have been that much less without human-caused climate change, according to Insure Our Future. Both the Senate Budget Committee and Federal Insurance Office report that premium increases and non-renewal rates are highest in the communities hit hardest by the climate crisis.

California is also the nation's leading agricultural state, with over 400 crops in production yielding billions of dollars in revenues. Multiple crops in California are at risk from increased heat, drought, fire, and flooding. accelerated by climate change. These increasing risks pose significant threats to California's economy as well as to the nation's food supply.

For these reasons, investors, consumers, and communities need transparency from companies regarding their Scopes 1, 2, and 3 greenhouse gas emissions. CARB's implementation must ensure that the GHG emissions data and climate risk information reported by companies is made available in a way that is easily accessible and allows the public to develop knowledge and insights that can empower them as consumers, investors, and market actors.

Mandatory reporting in a standardized format is important to all parties. It's more efficient for companies and provides comparable data for consumers and investors. Validation by a third party helps ensure against greenwashing and cherry-picked data. It is critical for CARB to ensure robust reporting of Scopes 1, 2, and 3 carbon emissions in the time frames specified by law. Scope 3 emissions, or indirect emissions from a company's supply chain or use of its products, can represent over 90% of a company's emissions.

SB 253 calls for companies to report Scopes 1, 2, and 3 emissions through the GHG Protocol, in use by 97% of disclosing S&P 500 companies. The GHG Protocol is the internationally recognized gold standard for GHG emission reporting across all mandatory and voluntary corporate reporting frameworks worldwide. Following the GHG Protocol reduces compliance burdens and ensures a seamless global alignment for corporate reporting.

SB 261 calls for companies to disclose climate-related financial risks through the Task Force on Climate-Related Financial Disclosures (TCFD). We recommend transitioning to the International Sustainability Standards Board (ISSB) framework. TCFD disbanded in October 2023 after its recommendations were incorporated into the ISSB. As of November 2024, over 1,000 companies and 30 jurisdictions are using the ISSB framework.

Thank you again for the opportunity to comment on the implementation of California's landmark climate disclosure legislation. We appreciate CARB's thorough investigation, as these laws will have a historic impact on climate disclosure everywhere.

Sincerely,

Todd Larsen
Executive Co-Director for Consumer & Corporate Engagement

Steve Fletcher
Director, Green Business Network®

Cathy Becker

Cathy Becker
Responsible Finance Campaign Director