National Milk Producers Federation

2107 Wilson Blvd., Suite 600, Arlington, VA 22201 | (703) 243-6111 | www.nmpf.org

March 21, 2025

RE: California Climate-Disclosure Information Solicitation (Dec 2024)

Dear Ms. Randolph,

The National Milk Producers Federation is pleased to submit the following comments on the "Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219." (Dec 2024)

The National Milk Producers Federation (NMPF), established in 1916 and based in Arlington, VA, develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. The members of NMPF's cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of dairy producers on Capitol Hill and with government agencies. NMPF provides a forum through which dairy farmers and their cooperatives formulate policy on national issues that affect milk production and marketing.

The U.S. dairy industry has a demonstrated commitment to sustainability spanning decades, as evidenced by the progress we have made in reducing our environmental footprint as well as in the resources we have devoted to programs, research, and services to continue that journey. By 2007 producing a gallon of milk used 90 percent less land and 65 percent less water, with a 63 percent smaller carbon footprint than in 1944.[1] And in 2017, producing a gallon of milk required 30 percent less water, 21 percent less land, and a 19 percent smaller carbon footprint than it did in 2007.[2]

As part of its collective commitment to provide the world responsibly produced dairy foods that nourish people, strengthen communities and foster a sustainable future, the U.S. dairy industry has **set aggressive environmental sustainability goals to become greenhouse gas (GHG) neutral or better, optimize water usage and improve water quality by 2050**.[3]

[1] Capper,J.L., R.A. Cady, D.E. Bauman The environmental impact of dairy production: 1944 compared with 2007. 2009. Journal of Animal Science. 87:6 Pp 2160–2167. https://doi.org/10.2527/jas.2009-178 1

[2] Capper, J.L., and R.A. Cady. 2020. The effects of improved performance in the U.S. dairy cattle industry on environmental impacts between 2007 and 2017. Journal of Animal Science. 98:1. Pp.1-14. https://doi.org/10.1093/jas/skz291

[3] Innovation Center for U.S. Dairy. 2020. New Environmental Goals Including Carbon Neutrality and Cleaner Water with Maximized Recycling by 2050. https://www.usdairy.com/sustainability/environmental-sustainability

To reach these 2050 goals, the U.S. dairy industry will need to identify technological and other advancements that can accelerate improvements, enabling nimble adaptation and focusing on technology and practices that can be scaled for maximum impact.

One outcome of the dairy community's sustainability work has been to invest in a customer and consumer assurance program related to on-farm social responsibility. Created by NMPF, in partnership with Dairy Management Inc., the National Dairy FARM Program: Farmers Assuring Responsible Management™ functions "*to show customers and consumers that the dairy industry is taking the very best care of cows and the environment, producing safe, wholesome milk and adhering to the highest quality of workplace management*."[4] Launched in 2017, the FARM Environmental Stewardship (ES) platform provides a comprehensive estimate of GHG emissions and energy use on dairy farms with a suite of tools and resources for farmers to measure and improve their footprint.[5] FARM ES quantifies the cradle-to-farmgate GHG emissions associated with milk production. Organizations representing 80 percent by milk volume currently participate in FARM ES. To date, over 5,500 on-farm assessments have been completed on dairies in 44 states ranging in size from 10 to over 35,000 lactating cows. FARM ES is the dairy community's platform for a consistent, unified approach to GHG measurement that is accessible to all dairy farmers. It provides the dairy community with farmgate GHG emissions results to enable aggregate Scope 3 reporting and address growing customer and consumer interests.[6]

The FARM ES program is:

- Voluntary – The initiative is open and available to any U.S. dairy farmer, cooperative, and processor to participate.
- Science-based – Assessing on-farm GHG emissions requires modeling. FARM ES leverages the scientific and research investments the dairy community has made in collaboration with other research institutions. It uses a scientific, peer-reviewed process-based Ruminant Farm Systems (RuFaS) model. As a whole-system, process-based model, RuFaS accounts for physical, chemical, and biologic cycles, using the farm's location to pull relevant soil, temperature and precipitation data on a daily timestep.
- Aligned with recognized GHG accounting frameworks – FARM ES is the recommended tool for dairy co-ops and processors to use to assess the "Purchased Goods and Services" category of Scope 3 emissions as outlined in the Scope 3

[4] National Dairy FARM Program. 2020. https://nationaldairyfarm.com/
[5] FARM Environmental Stewardship. 2020. https://nationaldairyfarm.com/dairy-farm-standards/environmental-stewardship/
[6] FARM Environmental Stewardship. 2022. "Scope 3 Reporting Using FARM ES". https://nationaldairyfarm.com/wp-content/uploads/2022/03/FARM_Scope-3-Reporting-Using-ES_032522.pdf

Inventory Guidance for U.S. Dairy Cooperatives and Processors.[7] The Guidance has been reviewed by the GHG Protocol and is in conformance with the requirements set forth in the Corporate Value Chain (Scope 3) Accounting and Reporting Standard. The GHG Protocol is referenced within the California Climate-Disclosure legislation.

- Focused on continuous improvement – FARM ES offers materials and resources to support farms in their continuous improvement journey. The dairy community approaches sustainability topics, including GHG emissions, in a precompetitive and non-prescriptive manner. Our program is neutral with regards to farm size, geography, and production style. We believe that every dairy farm is on its unique path toward continued progress in advancing positive environmental outcomes.

NMPF's seven years of experience in managing a Scope 3 GHG assessment and reporting tool means we are well-positioned to provide comments on the implementation of California Climate-Disclosure Legislation.

We are submitting these comments to inform the implementation of the California Climate-Disclosure legislation, specifically to inform implementation of the Scope 3 disclosure. The inclusion of Scope 3 emissions risks undermining the efforts the dairy industry has made toward developing trust and buy-in for a voluntary assessment program. Ultimately, this could jeopardize our efforts to reach our 2050 target to be GHG neutral. A rule to mandate Scope 3 emissions disclosure risks setting us back in garnering adoption for the following reasons:

- The dairy community is proud of the enrollment in the FARM ES program. To-date, over 5,500 on-farm assessments have been completed on dairies in 44 states ranging in size from 10 to over 35,000 lactating cows. However, implementation of California Climate-Disclosure legislation would result in companies pushing to accelerate the number and pace of on-farm assessments beyond staff and resource availability within the dairy supply chain to adequately respond.

- We have a robust program, but the responsibility of collecting and aggregating on-farm data has to-date rested on the shoulders of dairy farmers and their cooperative or processor without compensation from the companies that would be subject to the California Climate-Disclosure legislation and that desire such data. The financial burden on dairy farmers and cooperatives is likely to be significant; and yet, these organizations are not directly subject to the California Climate-

[7] The Innovation Center for U.S. Dairy. 2019. https://www.usdairy.com/getmedia/f00e5bce-74bf-4388-a4d6-65bfd4e4ae7c/scope_3_ghg_inventory_guidance_for_u-s-_dairy_cooperatives_and_processors-(1).pdf?ext=.pdf

Disclosure legislation. Dairy farmers, cooperatives, and processors are indirectly impacted by the California Climate-Disclosure legislation because they sell their products to qualifiers and will be asked to report Scope 3 emissions data. Smaller dairy cooperatives and processors generally lack the adequate staffing resources at their disposal to conduct on-farm GHG assessments and thus stand to be highly impacted by the California Climate-Disclosure legislation. CARB has not analyzed or taken into consideration the financial burden on dairy farmers, cooperatives, or processors that the legislation will impose.

- Per the California Climate-Disclosure legislation, companies subject to the rule will seek out additional Scope 3 data verification given the requirement to disclose *"Requiring specified partnerships, corporations, limited liability companies, and other business entities with total annual revenues in excess of $1,000,000,000 and that do business in California… to publicly disclose to the emissions reporting organization… starting in 2027 and annually thereafter, their scope 3 greenhouse gas emissions…from the reporting entity's prior fiscal year, as provided."* In addition to the cost associated with verification, we fear that the pursuit of Scope 3 data verification will place an additional burden on our dairy cooperative members and reverse the progress we've made. The already limited availability of qualified verifiers risk that unqualified individuals will attempt on-farm assessments, thereby reducing credibility with farmers and resulting in faulty data collection.

- Our program today relies on trained, second-party evaluators to conduct on-farm assessments. The second-party evaluators are employed or contracted by dairy cooperatives and processors. These individuals have strong relationships with the farms they assess and have a deep knowledge of dairy farming. They support farms in continuous improvement planning, which is beneficial toward pursuing our industry-wide GHG reduction goals. They meet all the requirements of a robust verifier other than impartiality in its purest form. There are few third-party verifiers with sufficient dairy farm or general on-farm experience to conduct on-farm data verification – this contrasts with the broad availability of GHG verifiers in manufacturing, retail, and other facilities where GHG accounting is more straightforward, and modeling is not necessary. Accurately collecting the data inputs required at the farm requires expertise. Consider, for example, the interpretation of farm nutrition software printouts to estimate total herd dry matter intake over the course of the year across different feeding groups. If such software printouts are unavailable, such data must be manually estimated based on expert knowledge.

- The California Climate-Disclosure legislation suggests reporting of emissions data every year. As an industry, our recommendation is to conduct on-farm evaluations every three years, with the end-result being an aggregate GHG emissions figure updated every three years at the dairy cooperative or processor level. More frequent GHG assessments in the agricultural context can be misleading because of the multitude of factors that vary year-to-year, like herd productivity, weather, feed types, economics, and more. Our industry focus is on longer-term trends so that we may promote positive continuous improvement without worrying about year-to-year noise in data. We have concerns that the California Climate-Disclosure legislation will motivate entities to seek out annual updates to Scope 3 emissions figures, which carries the singular benefit of compliance with this rule while placing substantial burden on suppliers. Such a requirement would reduce the willingness to participate in GHG assessments.

Should the proposed rules proceed with Scope 3 emissions disclosure requirements, we strongly encourage adjusting the timeline for compliance to at least fiscal year (FY) 2030. While the California Climate-Disclosure legislation offers Scope 3 reporting after Scope 1 and 2 have been established, we suspect that the implementation of this legislation will increase pressure and heavily motivate companies to start developing their Scope 3 inventory. Our rationale for a delay in Scope 3 disclosure requirements is captured below. Though many of the points are specific to the dairy industry, we believe that other raw material sectors would share similar concerns.

- The proposed rule references GHGp as its core basis for Scope 3 emissions accounting methodology. We are supportive of using a consistent and well-recognized method for Scope 3 accounting like GHGp. We note, however, that GHGp is coming out with new guidance relating to the land sector in late 2025.[8] The goal of the Land Sector and Removals Guidance (LSRG) is to offer companies additional information on how they should account for and report GHG emissions and removals from land management, land use change, biogenic products, carbon dioxide removal technologies, and related activities in GHG inventories.[9] The dairy industry's Scope 3 Accounting Guidance currently aligns with the GHGp Corporate Value Chain (Scope 3) Accounting and Reporting Standard. However, it will need to be adjusted to reflect updates to accounting guidance once GHGp LSRG is finalized. For example, the Draft GHGp LSRG for Pilot Testing and Review has already increased reporting requirements for the agriculture sector, including land use

[8] GHG Protocol. Land Sector and Removals Guidance. https://ghgprotocol.org/land-sector-and-removals-guidance

[9] Greenhouse Gas Protocol Initiative. (2022). *Land sector and removals guidance: Pilot testing and review draft, part 1*. Greenhouse Gas Protocol. https://ghgprotocol.org/sites/default/files/2022-12/Land-Sector-and-Removals-Guidance-Pilot-Testing-and-Review-Draft-Part-1.pdf

change (LUC) in GHG accounting. The guidance is in the process of being developed, with its final publishing date getting pushed back to Q4 2025. It will take time for the accounting processes to align with updated guidance.

In addition to GHGp accounting rules, The Task Force on Climate-Related Financial Disclosures' (TCFD) governance only recently shifted to the International Financial Reporting Standards Foundation (IFRS), with disclosure recommendations being incorporated into the International Sustainability Standards Board's (ISSB) standards. Acknowledging this constantly evolving space, CARB should be mindful of setting rules that may create confusion once prevailing international standards are updated in the coming months and years.

- The FARM Program operates on a three-year cycle, wherein participating cooperatives and processors work to complete on-farm assessments over the course of three years. Companies have already made plans for implementation for the cycle ending in 2027, which would not provide supply chain partners with data to meet a FY 2028 reporting deadline for Scope 3 emissions. The next version cycle runs from mid-2027 through mid-2030.

- The FARM Program pursues updates every three years to incorporate new science and enhance program offerings. FARM ES has transitioned its GHG model to a "process-based" model through work with the Ruminant Farm Systems model (RuFaS) – an initiative involving researchers from across the country focused on environmental modeling of dairy farms.[10] The dairy community is investing its own resources into this research effort given the importance of scientific progress in the area of on-farm GHG modeling. Shifting to a process-based model offers several benefits for addressing customer requests while offering more insights to farmers. It will be the first model designed for on-farm use to utilize process-based modeling in a livestock system. Given that this refreshed version of our program with cutting-edge GHG science was only just launched in October 2024, with most organizations only beginning implementation in 2025, a delay in Scope 3 emissions disclosure is warranted.

- Through the Innovation Center for U.S. Dairy, the dairy industry is also undertaking a research effort to measure industry-wide progress toward our 2050 goals on a periodic basis, including progress toward our GHG neutrality goal. As part of this work, a new industry-wide GHG figure is expected in 2027, which could be utilized toward Scope 3 accounting. In the absence of an updated, industry-wide GHG figure, companies that are not able to get supplier-specific data – for example,

[10] Ruminant Farm Systems. http://rufas.org/

companies far down the supply chain who are not purchasing farmgate milk – would be limited to the 2013 industry-wide figure[11] or a less-robust alternative available from other sources.

In addition to our comments about the California Climate-Disclosure legislation related to Scope 3 emissions disclosure requirements above, we offer the following specific points of feedback to inform implementation:

General: Applicability

Question 1. SB 253 and 261 both require an entity that "does business in California" to provide specified information to CARB. This terminology is not defined in the statutes. a. Should CARB adopt the interpretation of "doing business in California" found in the Revenue and Tax Code section 23101?

- The interpretation of "doing business in California" found in the Revenue and Tax Code section 23101 is defined as *"actively engaging in any transaction for the purpose of financial or pecuniary gain or profit"*[12]. This interpretation is incredibly broad and would have a massive impact across the United States. NMPF encourages CARB to do an economic impact report to determine the breadth of businesses required to comply with this regulation.

General: Standards in Regulation

Question 3. CARB is tasked with implementing both SB 253 and 261 in ways that would rely on protocols or standards published by external and potentially non-governmental entities. a. How do we ensure that CARB's regulations address California-specific needs and are also kept current and stay in alignment with standards incorporated into the statute as these external standards and protocols evolve? b. 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? c. 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?

- CARB's regulation references reliance on GHGp for emissions accounting methodology. NMPF is supportive of using a consistent and well-recognized method for Scope 3 accounting like GHGp. We note, however, that GHGp's new Land Sector Removals Guidance (LSRG) will not be finalized and available until

[11] Thoma, Greg, et al. "Greenhouse gas emissions from milk production and consumption in the United States: A cradle-to-grave life cycle assessment circa 2008." *International Dairy Journal* 31 (2013): S3-S14. https://www.sciencedirect.com/science/article/pii/S0958694612001975

[12] https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?sectionNum=23101&lawCode=RTC

late 2025. Incorporating learnings from that new guidance into our Scope 3 assessment program will take time.

- Farm-level emissions are considered Scope 3 for dairy retailers and processors, as they are upstream on-farm emissions. These entities are often asked to report GHG emissions through annual customer questionnaires and voluntary programs (Science Based Target Initiative). To ensure reporting under these laws minimizes duplication of effort, NMPF suggests that CARB complete a landscape assessment, of existing climate-related standards and guidance currently being implemented. As part of the landscape assessment, NMPF encourages CARB to survey reporting entities about standards or frameworks used in accordance with voluntary or regulatory programs, like SBTi. Through this process, CARB should identify and endorse equivalent formats that reporting entities can use when preparing required disclosures under SB 253 and SB 261.
- In recognition of the costs associated with measurement, reporting and verification, we urge CARB to accept equivalent disclosures from preexisting voluntary and regulatory programs.

General: Data Reporting

4. To inform CARB's regulatory processes, are there any public datasets that identify the costs for voluntary reporting already being submitted by companies? What factors affect the cost or anticipated cost for entities to comply with either legislation? What data should CARB rely on when assessing the fiscal impacts of either regulation?

- We are not familiar with any public datasets that identify costs for voluntary reporting that is already being submitted. Our program relies on trained, second-party evaluators to conduct on-farm assessments. The responsibility and cost of employing these second-party evaluators falls on dairy cooperatives and processors. These individuals support farms in continuous improvement planning, which is beneficial toward pursuing our industry-wide GHG reduction goals. Some dairy cooperatives and processors choose to work with third-party individuals to collect and verify their data, however we are not aware of any publicly available information on the cost of these services. Data collection and verification requires significantly more time and expertise in the agriculture sector – due to the nature of collecting data to accurately model the emissions. This contrasts with the broad availability of GHG verifiers in manufacturing, retail, and other facilities where GHG accounting is more straightforward and less time intensive.

  NMPF would encourage CARB delay in implementation of the Scope 3 disclosures included in this legislation given there has not been a thorough assessment conducted evaluating the financial impact this will have on companies required to comply.

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

- The state should take both cost and privacy into consideration when evaluating if there should be direct reporting to CARB or if it should be contracted out to a reporting organization. The costs for contracting with an "emissions" or "climate" reporting organization, to establish a platform, maintain and hire support that are knowledgeable on the technology and the topic would be exceptional. At the same time, developing and maintaining in-house reporting can also be burdensome. CARB should conduct a thorough financial assessment of both a contract and maintaining a reporting platform through CARB.

SB 253: Climate Corporate Data Accountability Act

Question 7. Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol, 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?

- As noted previously, NMPF is supportive of CARB's decision to align with use of GHGp for reporting. However, we would like to emphasize that the GHGp Land Sector Removal Guidance, applicable to agriculture and forestry industries, is not yet final. Without finalized guidance, businesses that interact with those sectors do not currently have finalized protocols. NMPF reinforces that a delay in implementation of Scope 3 disclosure could alleviate some confusion and ensure that the data reported aligns with the applicable protocol.

Question 8. SB 253 requires that reporting entities obtain "assurance providers." An assurance provider is required to be third-party, independent, and have significant experience in measuring, analyzing, reporting, or attesting in accordance with professional standards and applicable legal and regulatory requirements.
a. For entities required to report under SB 253, what options exist for third-party verification or assurance for scope 3 emissions?

- The FARM program relies on trained, second-party evaluators with deep dairy expertise, to collect consistent and accurate data from dairy farms across the United States. These individuals do not meet the traditional definition of "impartiality" required by a traditional GHG verification body as they have a relationship with the farm on which they are collecting data. Requiring suppliers to seek additional third-party verification of on-farm data would be counterproductive to our industry efforts because: (1) there are few verifiers with on-farm expertise; it risks unqualified individuals conducting data collection and doing so inaccurately; (2) it would be expensive and provide limited additional value compared to the second

party evaluators that currently collect data. We recommend flexibility in a request for "assurance providers" in recognition of the tremendous value our current system brings about in terms of data consistency and quality, even if not through a traditional third-party provider.

- For dairy cooperatives and processors participating in projects, with significant support and funding, there are some third-party verification or assurance companies employed to assist with Scope 3 emissions accounting and verifying. Contracting these companies or individuals is done with the purpose of a specific project or goal, and those business relationships are often terminated at the close of a project. There is no "assurance provider" for the agriculture sector without significant cost.
- Underscoring the challenge of identifying technical assistance and third-party verification in the agriculture sector, USDA published a report looking into the demands and needs of the industry: Greenhouse Gas Technical Assistance Provider and Third-Party Verifier Program in October 2023[13]. This report focused largely on the need for carbon market support but is applicable here as it addresses the high demand for knowledgeable and skilled third-party verifiers in this unique industry. Among many barriers to entry, high costs of correct quantification, verification, and reporting are cited in this report. The dairy industry, and many other agriculture sectors, will struggle to cover assurance and verification costs associated with new compliance regulations. Not only will this lower appetite for investing in sustainability projects, but it will also reduce investment in the voluntary carbon market.
- In addition to reducing appetite for investment due to high cost, the USDA Greenhouse Gas Technical Assistance Producer and Third-Party Verifier report highlighted a need for compliance or voluntary carbon programs to identify and verify the providers that can support producers. We encourage CARB to consider not requiring Scope 3 reporting under CARB until USDA can publish such resources to support producers.

Question 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?
d. When are data available from the prior year to support reporting?
e. What software systems are commonly used for voluntary reporting?

[13] https://www.usda.gov/sites/default/files/documents/USDA-General-Assessment-of-the-Role-of-Agriculture-and-Forestry-in-US-Carbon-Markets.pdf

- NMPF would encourage a 12-month period after the close of the fiscal year for suppliers to provide scope 3 emissions data. A grace period would allow for flexibility in reporting, given it is unlikely that every supply chain impacted by this regulation would be able to provide such information on a timeline that matches the entity's fiscal year. Each supplier is reporting to multiple entities, each with a potentially different fiscal year. Moreover, that fiscal year may not match the supplier's fiscal year. Flexibility in the timeline for any Scope 3 emissions disclosure would be most practical.
- Additionally, as noted above, we have concerns over the cadence that CARB seeks through these disclosures. As an industry, our recommendation is to conduct an on-farm evaluation every three years, with the end-result being an aggregate GHG emissions figure updated every three years at the dairy cooperative or processor level. More frequent GHG assessments in the agricultural context can be misleading because of the multitude of factors that vary year-to-year, like herd productivity, weather, feed types, economics, and more. Our industry focus is on longer-term trends so that we may promote positive continuous improvement without worrying about year-to-year noise in data. We have concerns that the California Climate-Disclosure legislation will motivate entities to seek out annual updates to Scope 3 emissions figures, which carries the singular benefit of compliance with Climate Disclosure rules while placing substantial burden on suppliers. Such a requirement would reduce the willingness to participate in GHG assessments.

SB 261: Climate Related Financial Risk Disclosure

Question 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.)

- As mentioned above, the dairy industry recommends conducting on-farm evaluations every three years, with the end-result being an aggregate GHG emissions figure updated every three years at the dairy cooperative or processor level. Frequent GHG assessments in the agricultural context can be misleading because of the multitude of factors that vary year-to-year, like herd productivity, weather, feed types, economics, and more. NMPF is concerned that the California Climate-Disclosure legislation will motivate entities to request annual or biennial Scope 3 emissions figures, which would fall into compliance with the California Climate-Disclosure legislation, but place substantial burden on suppliers and reduce the willingness to participate in GHG assessments.

Question 12. SB 261 requires entities to prepare a climate-related financial risk report biennially. What, if any, disclosures should be required by an entity that qualifies as a reporting entity (because it exceeds the revenue threshold) for the first time during the two years before a reporting year?

- NMPF does not believe that implementation of the California Climate-Disclosure legislation should require first-time reporting during the two years before a reporting year. The development of a climate-related financial risk report requires substantial time, financial investment and expertise. The request of a report outlining risks, impacts, and more for a very broad set of climate-related impacts[14] across a qualifying entity's value chain will result in tremendous strain on supplying companies to provide never-before-requested information. We do not believe that these reports should be required, especially for an entity that qualifies as a reporting entity for the first time during the two years before a reporting year.
- Once entities are required to report for the first time, NMPF encourages CARB to allow flexibility in disclosures to allow entities to evaluate TCFD-related risks and then prepare their required disclosures. Developing these disclosures takes time and substantial resources, of internal staff and hiring of consultancies. NMPF would recommend CARB allows entities the option to provide their most recent sustainability report or an outline of their climate-related financial risk strategy.

The dairy community has a demonstrated commitment to being an environmental solution. We value collaboration with supply chain partners that programs like FARM ES enable, including in the area of Scope 3 emissions reporting. However, as outlined above, we have concerns about the inclusion of Scope 3 emissions disclosure within the California Climate-Disclosure legislation. We would welcome the opportunity to discuss our concerns in more detail.

Sincerely,

Nicole Ayache
Chief Sustainability Officer
National Milk Producers Federation

[14] The Enhancement and Standardization of Climate-Related Disclosures for Investors, 87 Fed. Reg. 21365 (Apr. 11, 2022)