Public Comments to California Climate-Disclosure Information Solicitation

March 21, 2025

INFORMATION SOLICITATION TO INFORM IMPLEMENTATION OF CALIFORNIA CLIMATE-DISCLOSURE LEGISLATION: SENATE BILLS 253 AND 261, AS AMENDED BY SB 219.

RE Tech Advisors is a global sustainability advisory firm dedicated to assisting a diverse portfolio of real estate clients in implementing high-performance building practices and sustainable strategies aimed at decarbonizing the built environment. Our clientele includes a broad spectrum of companies that are subject to the requirements of this legislation.

In response to the public comment request on the California Climate-Disclosure Legislation, RE Tech Advisors supports California's leadership in improving transparency regarding greenhouse gas (GHG) emissions and climate related financial risks.

We hope that you will consider the following feedback to inform the implementation of this legislation.

Applicability

Recommendation to clarify how the State defines what constitutes "doing business in California" and to clarify how the State defines "annual revenue" by organization type.

The definition of "doing business in California" is not currently defined in the legislation. We are currently determining eligibility of our client organizations using the description of "doing business in California" as found in the *Revenue and Tax Code section 23101,* defining business for Real Estate portfolios as:

"*the real property and tangible personal property of the taxpayer in this state exceed the lesser of fifty thousand dollars ($50,000) or 25 percent of the taxpayer's total real property and tangible personal property*".

For real estate portfolio companies, explicitly citing this (or another) definition in the rulemaking would provide the clarification that owning an asset valued >$50,000 in the State of California constitute as "doing business in California".

The legislation specifies requirements for companies with annual revenue exceeding $500 million and $1 billion. We request that CARB provides additional guidance on the definition of revenue by industry, as revenue can vary across different sectors. In the Real Estate industry, several metrics are considered "revenue," including gross revenue, accrued revenue, and net operating income (NOI). Clarifying this will help companies accurately determine if and when they are subject to CCDAA compliance.

Data Reporting

Recommendation to clarify the manner in which data is to be ingested by the State – be it via PDF submission of climate disclosure documents, a custom CARB portal, or a repurposing of a system used by a currently-available voluntary framework.

The CCDAA's reporting requirements do not currently specify the nature in which the data is to be reported. As organizations prepare to dedicate staff time and resources for complying with the CCDAA, they will need to know whether CARB will accept a PDF upload of climate disclosures or if CARB plans to implement a strenuous reporting portal.

We suggest that CARB consider using a state-managed submission portal that utilizes the criteria of existing reporting sections and/or software utilized by voluntary frameworks. This portal should provide a single workspace for data collection and reporting.

We suggest that CARB provide updated information on the process as early as possible and consider conducting early testing with entities that will have to report.

SB 253: Climate Corporate Data Accountability Act

Recommendation to re-define emissions reporting period to *Calendar* Year emissions rather than *Fiscal Year* emissions to align with existing frameworks like GRESB and GRI.

The voluntary reporting frameworks that have become standard in the real estate industry, such as GRESB and GRI, use *calendar year* data rather than *fiscal year* data.

We recommend that CARB consider moving to a calendar year format to ensure businesses are not made to collect and calculate emissions for two separate data sets.

As a provider completing GHG inventories, our clients aim to complete data collection for the previous calendar year by the end of Q1, calculate their GHG emissions by the end of Q2, and pursue third-party assurance by Q3.

We recommend that CARB define a reporting deadline date of the prior year's calendar year emissions late in Q3 of the reporting year (i.e. 2025 CY emissions data submitted by the end of Q3 2024). This will allow adequate time for accurate data collection, inventory construction, and third-party assurance.

Recommendation to defer to organizations to define scope 3 relevancy across all 15 categories of scope 3 emissions in alignment with the Greenhouse Gas Protocol.

We support the directive to report emissions of greenhouse gases in conformance with the GHG Protocol. In regards to standardizing specific aspects of scopes 1, 2, or 3 reporting, we suggest that CARB provide the holistic flexibility outlined in the *Greenhouse Gas Protocol*, which is also the primary emissions framework referenced by IFRS reporting requirements, allowing to each industry to determine what emissions are *material* for their industry to report – particularly in the scope 3 category - as this varies widely across industries.

Recommendation to commit to *Limited Assurance* in the third-party verification process rather than *Reasonable Assurance.*

We support third-party verification of greenhouse gas (GHG) inventory data and methodology. However, we recommend the industry-standard usage of a *Limited* level of assurance that allows for random sampling strategies. The *Reasonable* assurance approach that can take orders-of-magnitude more time and expense to verify reported data and is beyond the scope of most voluntary reporting frameworks.

SB 261: Climate Related Financial Risk Disclosure

Recommendation to allow the submissions of climate risk financial disclosures under a variety of industry-accepted third-party frameworks.

Real estate portfolio companies of the size subject to CCDAA reporting requirements are already providing other types of climate financial risk disclosures, through voluntary frameworks and annual sustainability reports.

The reports are commonly aligned with SASB, CDP and TCFD. As these standards and investor-driven standards are constantly evolving, we stress the importance of flexibility in what is considered an “equivalent reporting requirement” – *at least for the initial reporting cycle in 2026.*

Additionally, the CCDAA includes language that could conceivably allow for CARB to switch its reporting requirements from alignment with the Task Force on Climate-related Financial Disclosure (TCFD) and utilize *“any successor thereto.”* We request additional clarity regarding TCFD’s acceptance as a disclosure mechanism given that TCFD has “has fulfilled its remit and disbanded” and “has asked the IFRS Foundation to take over the monitoring of the progress of companies’ climate-related disclosures.”

The IFRS disclosure exercise is a more involved and time-intensive process than is feasible in the <6 months that firms will have to complete it prior to the January 1, 2026 deadline.

As such, we recommend that any shift of acceptable reporting framework(s) be accompanied by an explicitly-determined timeline produced by the California Air Resources Board to allow for sufficient operational planning. A salient example of such a transition timeline has been made available by the Canadian Sustainability Standards Board (CSSB) in *CSDS 1: General Requirements for Disclosure of Sustainability-related Financial Information and CSDS 2: Climate-related Disclosures.*

Final Thoughts

RE Tech Advisors’ recommendations above aim to streamline the compliance process with California's Climate-Disclosure Legislation while fostering greater alignment with industry best practices.

By adopting these suggestions, California can ensure a more efficient and effective reporting system that benefits both the environment and the economy.