Before the
California Air Resources Board
Sacramento, CA 95814

In the Matter of	)	
	)	
Information Solicitation to Inform	)	Senate Bills 253 and 261,
The Implementation of California	)	As Amended by SB 219
Climate-Disclosure Legislation:	)	

COMMENTS OF
TIC Council

Introduction

TIC Council respectfully submits these comments to inform implementation of California Climate Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219. We and our members support efforts to require robust emissions reporting and climate-related financial risk disclosures. We believe that these measures will ensure a more transparent and fairer market for investors seeking trustworthy and comparable climate-related information.

The TIC Council is a global association representing over 100 accredited independent third-party testing, inspection, certification, and verification ("TIC") organizations. TIC sector companies cater to a diverse range of industries and provide verification services against a variety of standards and legislation. The TIC sector plays a critical role in confirming that products, systems, and services meet regulatory and industry requirements, as well as ensuring that claims are verified and substantiated by traceable data. Our members include organizations that help entities meet mandatory reporting requirements, such as the European Union's Corporate Sustainability Reporting Directive (CSRD), and voluntary schemes including the CDP, GRI, and ISSB. Furthermore, TIC companies have the depth of expertise in calculating greenhouse gas emissions, certifying emissions reductions, measuring fugitive emissions, and providing technical assistance to reach net-zero emissions.

General: Standards in Regulation

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 should try to build interoperability with existing mandatory programs and reporting requirements. CARB should also aim to have close coordination with standards-development organizations in order to maximize potential interoperability. Such an approach can result in lower costs for reporting entities and ultimately to end consumers, without sacrificing effectiveness.

Many TIC sector companies operate around the world and can assist reporting entities that also operate globally to comply with numerous standards and protocols (from ISO 14019 to the GHG Protocol) across many jurisdictions. In addition to ensuring legal and regulatory compliance, TIC sector companies reduce the in-house burden of assuring compliance across different standards by bringing dedicated experts and specialized equipment from across the world to reporting entities. TIC experts will be able to guide reporting companies through differing complex requirements to find the most cost-effective solution. By ensuring the presence of an accredited third-party conformity assessment body, reporting entities will be able to reduce duplication of effort in maintaining compliance with multiple reporting requirements.

The IFRS S2 standard and the ISO 14019 series of standards, and reporting frameworks, such as the TCFD, have already been widely adopted by organizations in California and should be strongly considered by CARB for implementation of SB 253 and 261. *For emissions reporting, in particular, there will not be any duplication of effort if the report is made according to international standards and conforms to the GHG protocol's emissions calculation methodology. By leveraging widely used frameworks and standards, regulations from CARB will be able to minimize new regulatory resources as well as the costs of compliance.*

Conformance with the GHG Protocol, the most widely used and referenced standard for calculating and reporting GHG emissions, is required within by SB 253. Flexibility with regard to the relevant standards and protocols will require a clear definition of which alternative methodologies would be permitted to ensure comparability.

General: Data Reporting

6. If contracting out for reporting services, are there non-profits or private companies that already provide these services?

The TIC Council is comprised of private companies and non-profits alike. Many of our members have the experience, expertise, and accreditation to provide these services.

Nonetheless, to ensure that there is no conflict of interest, it is important for reporting entities to not acquire assurance services and reporting services from the same firm.

SB 253: Climate Corporate Data Accountability Act

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?
b. For purposes of implementing SB 253, what standards should be used to define limited assurance and reasonable level of assurance? Should the existing definition for "reasonable assurance" in MRR be utilized, and if not why?

TIC Council strongly recommends the use of third-party conformity assessment bodies (CABs) that have been accredited under relevant GHG validation and verification standards – such as ISO 14065 and ISO 14064-3. Emerging standards for the validation and verification of declared sustainability information, such as ISO/DIS 14019-4, should also be considered by CARB as appropriate accreditation of third-party CABs for the verification of Scope 3 emissions. Adopting ISO/DIS 14019, a profession agnostic standard, would ensure an open and competitive market for assurance providers.

TIC sector companies will be ready from day one to offer these services and address any change in demand. With a global footprint and flexible capacity, TIC sector companies, particularly those who are TIC Council members, can respond quickly to increased demand for an array of services – including assurance/verification.

Furthermore, in line with the recommendations of our members, TIC Council proposes that CARB adopt existing definitions of "limited assurance" and "reasonable assurance" from prevailing assurance standards such as ISO 14064-3, ISAE 3000/3410, AA1000AS. For the time being, reasonable assurance is not required by the CSRD and other similar regulations because of the high cost assumed by companies who are not yet ready to comply with the reasonable assurance requirements.

SB 261: Climate-Related Financial Disclosure

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.)?

In recognition of the numerous overlapping reporting requirements that many organizations face – reporting to stakeholders as well as to regulators – TIC Council proposes that CARB should permit a level of flexibility with regard to scheduled reporting. Permitting entities to report any time within a two-year window would reduce the burden on companies, improve the quality of reports, and facilitate compliance. It would also prevent creating a time when all such mandatory reports would need to be reviewed.

Nonetheless, CARB should strive to ultimately require yearly reporting, as climate-change related risks require close monitoring.

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

i. If not consistent with the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures, are there other laws, regulations, or listing requirements issued by any regulated exchange, national government, or other governmental entity that is guiding the development of these reports?

Yes, as many respondents have noted, there are more than two dozen jurisdictions that now require climate reporting, to some extent. In addition to the TCFD, there are several standards and frameworks that are currently used to assess climate change-related risk. Most notably, these include ISO 31000—Risk Management Guidelines—and ISO 14091:2021 – Guidelines on climate change-related vulnerability, impacts and risk assessment.

We appreciate the opportunity to provide comments and are available to answer any questions these comments, or this proceeding, may raise. TIC Council looks forward to further collaboration with the Board. Should you have any questions, please contact Rich O'Brien robrien@tic-council.org or Benjamin Johnson at bjohnson@tic-council.org.

Sincerely,

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