

March 21, 2025

Chair Liane M. Randolph
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219

Dear Chair Randolph:

On behalf of the American Apparel & Footwear Association (AAFA), I am writing in response to the California Air Resources Board's (CARB) request for information regarding the implementation of SB 253 and 261, as amended by SB 219. AAFA [supported](#) the passage and enactment of SB 253 and we hope to continue to engage on the implementation of ambitious and effective policy frameworks in the State of California.

AAFA is the national trade association representing apparel, footwear and other sewn products companies and their suppliers, and is the trusted public policy and political voice of the apparel and footwear industry, its management and shareholders, its more than 3.5 million U.S. workers, and its contribution of \$509 billion in annual U.S. retail sales, and represent more than 1,100 world famous name brands. AAFA approaches all its work through the lens of purpose-driven leadership in a manner that supports each member's ability to build and sustain inclusive and diverse cultures, meet and advance ESG goals, and draw upon the latest technology.

AAFA and our members are proud advocates for regulatory requirements that can effectively protect human health and the environment. Regulation plays a critical role in furthering our industry's efforts, but only if regulations are designed properly, serve their purpose, and are properly enforced. That is why we are determined to ensure that regulations like SB 253 continue to align with the [THREADS Sustainability and Social Responsibility Protocol](#). We believe that the *THREADS Protocol* fosters policies that are effective and catalyze meaningful progress. *THREADS* calls for policies that are:

- **Transparently Developed and Enforced**
- **Harmonized Across Jurisdictions and Industries**

- Realistic in Terms of Timelines
- Enforceable
- Adjustable
- Designed for Success
- Science-Based

We appreciate CARB's continued efforts to solicit industry feedback and best practices as you seek to refine implementation of a Californian climate disclosure framework. In order for our membership to adequately meet the requirements of SB 253 and 261, as amended by SB 219, and in a way that contributes positively to the important public policy goals that prompted them, it is critical that regulations be predictable, realistic in time frame, and minimize duplication of effort. Many of our members are already engaged in climate disclosures across Scope 1, 2, and 3 emissions and are seeking interoperability with existing disclosure requirements as they continue to achieve ambitious climate goals. To this effect, AAFA has prepared the following responses to CARB's request for information:

In what way(s) should CARB track parent/subsidiary relationships to assure companies doing business in California that report under a parent are clearly identified and included in any reporting requirements?

Regardless of how CARB identifies subsidiaries that report to meet the requirements of SB253/261, which will likely be operating subsidiaries, it is AAFA's understanding that many companies will choose to produce a single report at the corporate parent level. Given that climate risk and emissions data are typically collected at the parent level, rather than on a more granular subsidiary level, parent level reporting is critical to ensuring accurate reporting while minimizing duplication of effort.

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 statutes as these external standards and protocols evolve?*

The most important aspect of CARB's implementation of SB 253 and SB 261 should be regulatory harmonization and interoperability with other reporting standards. Much of AAFA's membership are reporting or preparing to report on climate risks and greenhouse gas emissions on either a voluntary basis or as dictated by mandatory reporting requirements, such as those within the European Union (EU). It is of paramount importance that CARB leverage, as specified in SB 261 and 253, the use of existing, well-understood, disclosure frameworks – namely the TCFD Recommendations and the GHG Protocol, respectively. Given companies' familiarity with TCFD- and GHG Protocol-compliant reporting, a shared structure for reporting ensures consistency and comparability for Californian consumers while avoiding duplication of effort on the part of subject companies.

- 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?*

Overall, AAFA strongly encourages CARB to accept reports prepared by companies to meet other mandatory programs, as well as voluntary reports, that meet the requirements of SB 253 and 261. Given the high volume of both mandatory and voluntary climate disclosures released by our membership, which are prepared to meet the requirements of the EU Corporate Sustainability Reporting Directive (CSRD) and/or disclosure regulations adhering to the International Sustainability Standards Board (ISSB) Standards and/or GHG inventory, as per ISO 14064-1 2018, and/or as per [US EPA GHG calculation](#) for IRA funding applications, we want to encourage CARB not to reinvent the wheel. The creation of multiple reports to meet needlessly disparate compliance frameworks fosters reporting fatigue and consumer confusion as companies engage in box-checking exercises rather than invest in the meaningful operational changes and reporting transparency made possible through regulatory harmonization.

This approach is consistent with the provisions laid out in both SB 253 and 261. SB 261 allows covered entities to submit reports prepared “pursuant to a law, regulation, or listing requirement issued by any regulated exchange, national government or other governmental entity,” or “voluntarily using a framework that meets the requirements” of the law. SB 253 states that reporting should “be structured in a way that minimizes duplication of effort and allows a reporting entity to submit...reports prepared to meet other national and

international reporting requirements, including any reports required by the federal government, as long as those reports satisfy all of the requirements” of the law.

AAFA strongly discourages CARB from creating a compliance framework that is particular to the State of California. As companies look to produce reports that comply with SB 251 and 263, as well as other mandatory and voluntary disclosure frameworks, it is AAFA’s recommendation that CARB accept publicly available PDFs and links to company websites with the required information. This meets the objective of providing Californians with a readily accessible and consistent compendium of climate disclosures without jeopardizing interoperability with other reporting schema.

- 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?*

As touched upon above, AAFA does **not** believe that reporting entities should be required to pick a specific reporting method and use it year-to-year. As standards and requirements change, it is important that companies not be constricted to a particular standard, so long as the report continues to comply with the requirements of SB 253 and 261. Accurate and transparent disclosure ought to outweigh adherence to a particular reporting method.

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:

- a. What frequency (annual or other) and time period (1 year or more) are currently used for reporting?*

Generally speaking, companies report annually on data for a 1-year time period. AAFA strongly urges CARB to allow for reporting timelines that correspond with each company’s fiscal year.

- b. When are data available from the prior year to support reporting?*

Data are typically available to be reported six to nine months after the end of a company’s fiscal year. Although data are compiled typically in Q1, the assurance process can be lengthy and can be difficult to align with calendar year deadlines.

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?

As outlined for SB 253 above, a requirement to submit disclosures on January 1 on an annual basis would be challenging to meet, especially for apparel and footwear companies whose fourth quarter is typically the busiest and most demanding time of the year. This is compounded by the difficulty in reporting based on an entire calendar year the day after the year concludes. AAFA would suggest adopting a six to nine month post-fiscal year reporting timeframe.

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.)?

AAFA believes that the flexibility afforded by the option to report any time within a two-year period would best allow companies to align reporting schedules with the availability of data as dictated by the fiscal year while still enabling consumers and regulators to compare each company's results over time.

We look forward to continuing to work with CARB on its essential remit of developing programs and actions to fight climate change. As CARB continues to refine its implementation of SB 253 and 261, we ask that the Board continue to engage with industry. In the meantime, our members continue to design and execute quality and compliance programs through the lens of climate change for every individual who steps into our apparel and footwear products.

Thank you for your consideration,

Chelsea Murtha

Senior Director, Sustainability

American Apparel & Footwear Association