March 21, 2025

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

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

Submitted electronically at *https://ww2.arb.ca.gov/public-comments/public-comments-california-climate-disclosure-information-solicitation.*

Dear Chair Randolph and Staff,

The A4S Foundation US Inc. (A4S) appreciates the opportunity to provide feedback in response to the California Air Resources Board's (CARB) solicitation for information on the implementation of Senate Bills (SB) 253 and 261, as amended by SB 219.

A4S is a nonprofit working across the finance and accounting ecosystem to improve business decisions by incorporating relevant sustainability matters, including climate-related financial risks. We regularly engage with corporations, investors, asset owners, and accounting bodies to enable effective and efficient sustainability-related disclosures.

As a result of our work and experience, we have identified several key principles that enable effective and efficient sustainability-related disclosure. The following are particularly relevant for climate-related disclosures, such as those proposed under SB 253 and 261:

- Align with relevant existing and emerging sustainability reporting standards to promote harmonization and convergence, to the greatest extent possible.
- Have clear definitions and guidelines that enable preparers to report in a transparent, consistent and comparable manner.
- Recognize that reporting is a means to an end, not an end in itself**.** Unless the practical challenges around data accuracy and completeness are recognized and addressed within reporting and assurance standards, there is a risk that companies will avoid setting the ambitious targets needed to drive innovation and will divert effort into reporting instead of action. Providing the necessary time and provisions for companies to put in place appropriate processes, controls and technology is essential.

We believe the principles above can support CARB in developing an effective and efficient climate-related disclosure system. We have also provided additional observations below regarding a select set of questions raised by CARB within your solicitation for information.

If you would like additional information or to discuss further, please contact Brad Sparks, at 310-488-2638.

Sincerely,

C. Bradley Sparks

Brad Sparks
Executive Director,
Accounting for Sustainability Foundation USA Inc.

Select questions and observations regarding the CARB solicitation for information:

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?*

Interoperability is essential for an effective and efficient climate-related disclosure system. Many organizations today are providing climate-related disclosures based upon the Greenhouse Gas Protocol (GHG Protocol) and following the Final Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). The TCFD recommendations have served as the basis for climate-related disclosures from the International Sustainability Standards Board (ISSB) and the recommendations are largely incorporated within the International Financial Reporting Standard (IFRS) Sustainability Disclosure Standard S2. Several jurisdictions around the world are adopting IFRS S2 for mandatory reporting. Likewise, some companies will also be required to report under the European Union's Corporate Sustainability Reporting Directive (CSRD). In some cases, this other reporting may be at the parent company level, and allowing options for group reporting relief will reduce duplication.

Providing an option that allows for existing organizational reporting that addresses climate-related risks would promote interoperability and minimize duplication of effort. In addition, the establishment of an 'auto-update' feature when a new version of a standard is released (e.g. GHG Protocol) would help keep CARB's regulations up to date with global standards, recognizing that there may need to be a phase-in period for adoption of the new version and flexibility in its use during the period of change.

General: Data Reporting

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

If CARB decides to contract for reporting services, it will be important for data to be submitted in a structured manner that facilitates comparability and can be used with confidence by investors and other stakeholders. The Net-Zero Data Public Utility is one example of an organization that provides such service as it serves as a centralized repository of global company-level greenhouse gas emissions data that is publicly available. The use of a centralized reporting service may also reduce duplication of efforts should other states implement similar requirements for climate-related financial risk disclosures.

SB 253: Climate Corporate Data Accountability Act

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?*

Many regulatory and voluntary reporting frameworks allow organizations to report based on a twelve-month period, which permits fiscal year reporting (as opposed to calendar year reporting). As such, permitting fiscal year reporting would reduce the reporting burden as it would be aligned with other existing reporting requirements. Moreover, this alignment in reporting periods across mandatory reporting requirements is essential in allowing the same assurance statement to be used.

The voluntary sustainability reports produced today typically take several months to collect and report the data. Some regulatory reporting requirements, such as IFRS Sustainability Disclosure Standards, require an entity to provide its sustainability-related financial disclosures at the same time as the related financial statement. Any requirements to report sooner than the entity's applicable financial statement reporting deadline may create a reporting challenge for preparers. Moreover, some climate-related data, particularly Scope 3 emissions data, may require a much longer time period to collect, review, and externally assure the information, particularly given the need to gather information across the value chain. Such data lags will impact how quickly an organization can provide their reporting. Providing flexibility in the use of estimates for the final reporting periods (e.g. month, quarter) of a fiscal period may address these data lags.