To: Liane M. Randolph March 18, 2025
Chair, California Air Resources Board

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

Dear Chair Randolph and Members of the California Air Resources Board,

Thank you for the opportunity to provide feedback on the implementation of California's Climate Rule under Senate Bills 253 and 261. We recognize the critical role these policies play in advancing climate accountability and look forward to CARB's guidance and regulatory approach. Given the complexity of existing regulatory reporting frameworks and standards, we encourage thoughtful implementation that accounts for these challenges to ensure effective and practical compliance.

In 2023, Red Bull developed ambitious climate targets in collaboration with the Science-Based Target Initiative (SBTi) and committed to achieving net zero emissions by 2040. Our team is actively working to reduce emissions across our operations while aligning with the transparency goals set by the Corporate Social Responsibility Directive (CSRD) enacted by the European Union. Our comments aim to support the interoperability of regulatory frameworks, including the European Sustainability Reporting Standards (ESRS), the Task Force on Climate-related Financial Disclosures (TCFD), and the IFRS Sustainability Disclosure Standards, to enhance global consistency and reduce compliance burdens.

We appreciate CARB's leadership in implementing these critical policies and look forward to continued engagement.

Sincerely,

Antoine Kunsch
Director of Sustainability - Red Bull North America, Inc.

General: Applicability

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?

Response: We do not have a position on this matter.

b. Should federal and state government entities that generate revenue be included in the definition of a "business entity" that "does business in California?"

Response: We do not have a position on this matter.

c. Should SB 253 and 261 cover entities that are owned in part or wholly owned by a foreign government?

Response: We do not have a position on this matter.

d. Should entities that sell energy, or other goods and services, into California through a separate market, like the energy imbalance market or extended day ahead market, be covered?

Response: We do not have a position on this matter.

2. What are your recommendations on a cost-effective manner to identify all businesses covered by the laws (i.e., that exceed the annual revenue thresholds in the statutes and do business in California)?

a. For private companies, what databases or datasets should CARB rely on to identify reporting entities? What is the frequency by which these data are updated and how is it verified?

Response: We do not have a position on this matter.

b. 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?

Response: We do not have a position on this matter.

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?

Response: We do not have a position on this matter.

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?

Response: CARB should develop and provide interoperability tables covering the main reporting standards and frameworks used in other jurisdictions for companies to check the validity of their current reporting practices with requirements under SB 253 and SB 261. These tables should cover regulatory frameworks like the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG), as well as voluntary frameworks like the Task Force on

Climate-related Financial Disclosures (TCFD), and the IFRS Sustainability Disclosure Standards (IFRS SDS) developed by the International Sustainability Standards Board (ISSB). It is unclear at this time if a climate-risk report meeting the requirements under the E.U. CSRD will satisfy requirements under the California rule despite the language in Section 38533 (b)(1) and (4) of SB 261.

CARB should also consider aligning the reporting timelines with other regulatory programs or retain enough flexibility for companies to manage the timing of their reporting obligations based on their jurisdictions. For example, the current deadline of January 1, 2026, for companies to prepare a climate-related financial risk report does not align with reporting deadlines under the E.U. CSRD for large undertakings. This misalignment will require companies subject to both CSRD and California climate rules to release a report twice in 2026, as CSRD reports are unlikely to be finalized on January 1, 2026.

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?

Response: Companies tend to consistently use the same reporting method year-over-year as switching methodology may require significant investments to update internal data collection procedures. Reporting entities should be able to choose the reporting method that is best aligned with their internal reporting structure, as long as this methodology or framework is allowed under the statute.

To ensure consistency and comparability, companies that update their methodology year-to-year should be able to provide an explanation of the impact the new methodology has on their emissions. This flexibility will help companies remain current by adopting best practices as they are being developed (e.g., GLEC framework for transportation and logistics activities).

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?

Response: We do not have a position on this matter.

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

Response: CARB should allow for companies to report directly to CARB to limit reporting costs. Companies that are already reporting on a voluntary platform like CDP should be allowed to continue using these platforms, as long as the content of the reporting is aligned with the requirements set forth in the statute.

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

Response: If contracting out reporting services, CARB should prefer non-profit organizations.

SB 253: Climate Corporate Data Accountability Act

7. Entities must measure and report their emissions of greenhouse gases in conformance with the GHG Protocol,1 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?

Response: Issuing standardization for scope 1, 2 or 3 reporting may result in conflicting requirements following updates of the GHG Protocol. It may also limit interoperability with other jurisdictions where different standardization has been issued. Navigating multiple jurisdiction standardizations for GHG reporting would add a significant burden for reporting companies. CARB should retain the flexibility afforded by the GHG Protocol or consult and align with other jurisdictions prior to issuing standardization.

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?

Response: Large accounting firms are building up their capacity to provide assurance services for sustainability reporting. Small sustainability services providers are also adding this offering.

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 assurance2" in MRR be utilized, and if not why?

Response: CARB should align the definition of "reasonable assurance" in MRR with the definitions that are being developed in other jurisdictions to ensure interoperability.

The European Commission (EC) requested the Committee of European Auditing Oversight Bodies (CEAOB) to prepare a technical advice for the E.U. **limited** assurance standard development, to be delivered to the EC by May 2025. The CEAOB is expected to identify the International Standard on Sustainability Assurance (ISSA) 5000 for preparation of the delegated act. The EC is expected to adopt **reasonable** assurance standards by October 2028.

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?

Response: Companies usually report annually on a 12-month period. The reporting period can be based on calendar or fiscal year and usually matches financial reporting period.

d. When are data available from the prior year to support reporting?

Response: Usually in Q2 of the following year.

e. What software systems are commonly used for voluntary reporting?

Response: Carbon reporting is a highly competitive industry with dozens of software solutions that companies can use. Many companies also rely on internal data platforms.

SB 261: Climate Related Financial Risk Disclosure

10. 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?

Response: Reports should be due in Q3 of the following year (e.g., Q3 of 2026 for reports using 2025 data). Data collection, methodology development, scenario analyses, and assurance can take a significant amount of time especially for first time reporters.

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.)?

Response: Any time in a two-year period. This will provide the flexibility needed by companies subject to other regulatory mandates on climate-related risk reporting to align with the applicable reporting deadlines in the relevant jurisdictions.

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?

Response: We do not have a position on this matter.

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

f. What other types of existing climate financial risk disclosures are entities already preparing?

Response: Large U.S. companies may also be subject to the E.U. CSRD and have to prepare climate-related financial risk disclosures following requirements under ESRS E1. Some companies may also be following voluntary frameworks such as TCFD and CDP to disclose information on physical and transitional risks.

g. For covered entities that already report climate related financial risk, what approaches do entities use?

Response: Climate-related financial risk assessment usually follows methodologies aligned with the scenario analysis described in the TCFD.

h. In what areas, if any, is current reporting typically different than the guidance provided by the Final Report of Recommendations of the Task Force on Climate-related Financial Disclosures?

Response: We do not have a position on this matter.

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?

Response: More than thirty jurisdictions have taken steps to align reporting requirements with the TCFD or IFRS SDS. Although the TCFD disbanded in 2023 as part of a consolidation effort with the ISSB, it remains more flexible and easier to implement than the IFRS SDS.