Airlines for America®

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March 21, 2025

Climate Disclosure Programs
Industrial Strategies Division
California Air Resources Board
climatedisclosure@arb.ca.gov

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

Dear Sir/Madam,

Airlines for America (A4A)[1], the principal trade organization for the U.S. airline industry, appreciates the opportunity to provide the California Air Resources Board (CARB) our thoughts on the questions provided in the *Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219*.

A4A and our member companies are committed to addressing climate change and achieving net-zero emissions by 2050. U.S. airlines have pursued ambitious domestic and international actions to reduce emissions from aviation and are actively investing in practices, fuels, and technologies to achieve these goals. All A4A members provide detailed information on environmental, social and governance (ESG) topics using a variety of recognized reporting frameworks and company-specific corporate social responsibility reports to provide clear, consistent, and standardized information to the public and investors. These reports often include data on emissions as well as climate-related financial and operational risks.

In recent years, a growing number of international, national, and subnational jurisdictions have introduced legislation that requires climate-related disclosures and reporting. California's climate disclosure legislation aims to increase transparency, inform investors, consumers and the public, and increase the availability of consistent, standardized information on companies' GHG emissions and the risks posed by climate change. A4A and our member companies are committed to advancing these goals. However, a patchwork of different reporting requirements could undermine these shared goals by requiring conflicting jurisdiction-specific reports. To achieve the goals of this legislation in the most effective and efficient manner, CARB should consider the following principles while implementing this legislation:

- Allow for the use of broadly accepted reporting and analytical frameworks that are already in use including GHG Protocol, TCFD, GRI, ISSB and applicable regulatory requirements such as the European Union's (EU) Climate Sustainability Reporting Directive (CSRD). These existing frameworks should govern disclosure of GHG emissions and climate risks and opportunities.
- Avoid requiring companies to develop California-specific reports that contain information that could be inconsistent with their existing disclosures under otherwise accepted reporting frameworks.

- Work to minimize any additional administrative burdens faced by reporting entities, particularly for those companies that already disclose the relevant information under voluntary programs or other jurisdictions' regulations.

To that end, A4A and our members provide the following responses to the questions provided in the information solicitation. We appreciate the opportunity to engage on this topic and look forward to further opportunities for collaboration. We welcome the opportunity to discuss our views in greater detail should you have any questions.

Sincerely,

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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?*

No comment on this question.

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

No comment on this question.

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

No comment on this question.

   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?*

No comment on this question.

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?*

No comment on this question.

   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?*

No comment on this question.

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?*

The reporting requirements included under SB 253 and 261 are reliant on established and broadly accepted reporting standards. Namely, SB 253 requires reporting entities to submit annual reports on GHG emissions that meet GHG Protocol (GHGP) requirements; and SB 261 requires entities to submit biennial reports that meet the standards laid out by the Taskforce on Climate-related Financial Disclosures (TCFD). This legislation has the stated goal of increasing transparency and ensuring stakeholders have access to consistent, standardized information on companies' GHG emissions and climate related risks.

A4A's member companies report their emissions and climate related risks using a variety of disclosure standards and protocols including the GHG Protocol, TCFD, ISSB, GRI, and others. These standards and protocols are all broadly accepted and support transparency and consistency in information disclosure. Ensuring that companies retain flexibility in meeting reporting requirements and standards can help to minimize potential administrative burdens and costs arising from this legislation. CARB should allow companies to use a range of accepted reporting standards and protocols that are found to sufficiently address California's needs. CARB should work to ensure that companies are not required to develop California-specific reports that would entail a duplication of effort and cause potential information inconsistencies to arise.

Maintaining alignment with external standards is an important goal. To accomplish this, CARB should include language that preemptively accepts any future standards adopted by GHGP, TCFD (and its successor organization), and other accepted reporting frameworks. CARB should also look to include specific interoperability statements with other reporting frameworks that are deemed to sufficiently address California-specific needs. Finally, CARB should maintain an approach that recognizes and adapts to the rapidly changing climate disclosure ecosystem. Namely, as more jurisdictions impose reporting standards, CARB should continue to accept additional reporting frameworks and exempt companies who have met these standards from additional reporting requirements.

    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?*

A4A's member companies all disclose information on their emissions, climate strategies, and climate-related risks. Many of our member companies participate in voluntary disclosure schemes and utilize a variety of broadly accepted reporting standards and protocols including the GHG Protocol, TCFD, GRI and others. Additionally, several mandatory reporting requirements in other jurisdictions are set to come into effect in coming years including the European Union's Climate Sustainability Reporting Directive (CSRD). These mandatory programs will require companies to report across a range of environmental, social, and governance topics including emissions, climate transition plans, and environmental risks and opportunities. CARB should accept reports and disclosures under other mandatory climate disclosure programs (e.g. CSRD) and voluntary reporting programs to the extent that they require companies to disclose overlapping or similar information. Entities that have complied with alternative reporting schemes that CARB deems to meet California standards and needs should be exempted from further 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 work to maintain flexibility in reporting methods that are accepted under and incorporated under the statute. Entities should be allowed to assess the range of reporting methods that are compliant with the statute and select the ones that work best for their business needs. Rather than requiring an entity to select one reporting method, CARB could require entities that change their reporting methods to provide written notice of the changes. This approach would maintain flexibility for regulated entities while ensuring that changes are transparently identified and explained.

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?*

There are a variety of factors that could impact the cost for entities that must report under the regulations. For instance, there are a limited number of reputable verification organizations providing services to the market today. Thus, allowing reporting entities to select the verification organizations and reporting software they use rather than mandating a specific set of verifiers or software providers can help to mitigate potential cost increases. As a general principle, allowing regulated entities flexibility in meeting the requirements of the regulations can help to mitigate potential cost increases and burdens. Additionally, ensuring that the regulations align with other voluntary, domestic, and international reporting standards can minimize instances of duplicative efforts and limit the administrative burdens of these regulations.

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

Yes, the state should require reporting directly to CARB rather than a third-party organization.

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

No comment on this question.

SB 253: Climate Corporate Data Accountability Act

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

No. One of the goals of SB 253 is to increase the availability of consistent, standardized information on companies' GHG emissions across scopes 1, 2 and 3. While implementing SB 253, CARB should work to avoid situations where companies that already report their GHG emissions are made to submit California specific disclosures that would be inconsistent with or obfuscate existing reports and disclosures. CARB should endeavor to maintain flexibility for reporting entities in line with the existing standards and practices laid out by the GHG Protocol. Therefore, CARB should not look to standardize scope 1, 2, or 3 reporting beyond what has been laid out in the GHG Protocol. To the extent that it is possible, CARB should look to maintain consistency between the reporting requirements for SB253 and other reporting standards at the national and international levels. Accepting disclosures and reports made under alternative reporting programs would also help to ensure that consistent data is provided across various jurisdictions. Additionally, this approach would minimize the administrative burden faced by reporting entities while ensuring that reporting entities are meeting the highest reporting standards.

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?*

There are a range of entities providing assurance for scope 3 emissions including environmental consultants, accounting firms, and other ISO certified organizations. CARB should not limit the scope of providers currently available to conduct GHG emissions verification because doing so would increase the cost of the service and could constrain resources available to provide the service.

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?*

A4A's member companies provide detailed and verified information and data on their GHG emissions across scopes 1, 2 and 3. Some of our members receive reasonable assurance for both scope 1 and 2 emissions while others receive limited assurance for scope 1 and 2 emissions. Similarly, for scope 3 emissions, some of our members receive reasonable assurance while others receive limited assurance. Our members have found that some assurance providers do not offer reasonable assurance for scope 3 emissions.

It remains challenging to accurately account for and verify data on scope 3 emissions. Scope 3 emissions come from a wide variety of sources and data collection can require information from suppliers, specific companies, and emissions factor calculations. Because of these challenges, most disclosure requirements accept limited assurance for scope 3 emissions. CARB should align with existing requirements for scope 1, 2, and 3 emissions and accept limited assurance for scope 3 emissions.

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

A4A's member companies all voluntarily report scope 1 and 2 emissions on an annual basis. Our member companies' reports often include several years' worth of data to highlight progress toward climate goals and contextualize the most recent reporting year. CARB should align the reporting requirements of SB 253 with voluntary reporting best practices to ensure consistency and minimize administrative burdens. To achieve this, CARB should allow reporting entities flexibility to meet SB 253 requirements. For instance, SB 253 should allow companies to report on fiscal year rather than calendar year timeframes if that better aligns with their pre-existing reporting cycles.

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

Complete and verified data are typically available between 6 and 12 months after the close of the fiscal year. CARB should ensure that there is sufficient time prior to the reporting deadline for data collection and verification once the regulation is in effect.

c. *What software systems are commonly used for voluntary reporting?*

No comment on this question.

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 complete, and the necessary assurance review is completed?*

Climate-related financial risk analyses and disclosures differ significantly from the process for GHG emissions data collection and verification. While there is data to be gathered, the issue is not how long it takes to gather and vet the information; the bigger time-related challenge is the analysis and modeling required, assessing the potential financial impacts, and creating alignment within the organization on the risks and mitigations prior to disclosure. This process can take eight to twelve months after the close of the prior fiscal year. While the internal financial data is accessible sooner than this timeline, a thorough analysis would incorporate outside data sources aggregated from various industries and trusted climate expertise. Once external inputs have been incorporated, the requisite modeling and scenario planning brings together various internal stakeholders to create buy-in on risks, assess potential financial impacts and align on appropriate mitigation strategies. This is not a disclosure which has been subject to a formal assurance process in the past.

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 (i.e., 2026-2027, 2028-2029, etc.)?*

Minimizing potential additional administrative burdens is an important element to consider while implementing SB 261. A4A's member companies all report on their climate related financial and operational risks. This information is often included in annual sustainability reports and reporting occurs on timelines that are, in part, determined by each company. In keeping with the principle of minimizing administrative burdens for reporting entities, CARB should allow reporting at any time in a two-year period. This would provide reporting entities with flexibility in meeting California's requirements as well as their other reporting requirements. Providing companies with reasonable flexibility can help to streamline reporting processes and reduce administrative burdens.

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?*

No comment on this question.

13. *Many entities that are potentially subject to reporting requirements under SB 261 are already providing other types of climate financial risk disclosures.*
    a. *What other types of existing climate financial risk disclosures are entities already preparing?*

A4A's member companies report climate financial risks in their annual disclosures and ESG documents and utilize a number of existing climate financial risk disclosure standards and practices. Voluntary frameworks for climate financial risk disclosures include those developed by the Task Force on Climate-related Financial Disclosures (TCFD) and the Sustainability Accounting Standards Board (SASB). Elements of the recommendations and disclosure standards issued by TCFD and SASB have been incorporated by International Sustainability Standards Board (ISSB) into the IFRS Sustainability Disclosure Standards (IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*). Companies use these disclosure frameworks to inform their overarching sustainability reporting.

In coming years, A4A member companies may also be subject to mandatory reporting requirements in other jurisdictions. For example, the European Union's CSRD requires companies to report on their climate related financial risks and opportunities according to the European Sustainability Reporting Standards (ESRS) developed by the European Financial Reporting Advisory Group (EFRAG).

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

There are a wide range of voluntary and mandatory reporting frameworks for climate related financial risks. Reporting entities develop their specific approaches to disclosures based on their individual business needs and compliance obligations. There are both differences and similarities across many of these frameworks (TCFD, SASB, IFRS S1 and S2, and ESRS).

Currently, SB 261 requires companies' climate-related financial risk disclosures to be made in accordance with the TCFD recommendations. We recommend that CARB take a broader approach and accept not only TCFD, but also other voluntary and mandatory reporting frameworks. This would enable companies to be consistent with their reported risks, data, and other metrics while meeting all relevant reporting requirements. Limiting the risk disclosure to the TCFD recommendations would be overly restrictive and risk scenarios in which inconsistent information is reported across different jurisdictions according to a patchwork of overlapping frameworks and requirements.

c. *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?*

TCFD recommendations include eleven specific disclosures across four core areas: governance, strategy, risk management, and metrics and targets[1]. Reporting Entities using TCFD are invited to disclose climate-related financial risks and opportunities across the core areas. While TCFD recommendations have been widely adopted, there are variations between entities' reports. For instance, some companies report only climate-related financial risks rather than both risks and opportunities. Other jurisdictions have also imposed, or are in the process of imposing, requirements that could diverge from the TCFD recommendations. The EU's CSRD directive utilizes the ESRS developed by EFRAG as the basis for reporting requirements. The ESRS have a high degree of alignment with ISSB standards, but there are differences between the respective disclosure requirements in both. EFRAG and ISSB have released interoperability guidance for the two frameworks[2]. As stated previously, CARB should look to broaden the acceptable frameworks reporting entities can use to comply with SB 261. Many of these frameworks share similar core areas of focus and disclosures and would likely serve California's specific needs. Accepting additional disclosure frameworks would further the legislation's goals while ensuring consistent information disclosure and streamlining compliance for reporting entities.

d. *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 regulated exchange, national government, or other governmental entity that is guiding the development of these reports?*

The EU's CSRD regulation will have a substantial impact on the development of climate-related financial risk disclosures. The EU's regulations will require disclosures that meet the ESRS developed by EFRAG. While the ESRS are independently developed, there is significant alignment with ISSB's IFRS standards (IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* and IFRS S2 *Climate-related Disclosures*). Other jurisdictions are working to incorporate ISSB standards into national legislation. Australia released "Climate-related financial disclosure: exposure draft legislation" that endorsed the adoption of IFRS S1 and IFRS S2[3]. The Sustainability Standards Board of Japan (SSJ) has also issued draft legislation for national sustainability standards based on the ISSB standards[4]. These regulations will have a significant impact on the reporting landscape in coming years.

[1] Recommendations | Task Force on Climate-Related Financial Disclosures

[2] esrs-issb-standards-interoperability-guidance.pdf

[3] Mandatory climate-related financial disclosures - Policy position statement

[4] SSBJ issues Exposure Drafts of Sustainability Disclosure Standards to be applied in Japan｜Sustainability Standards Board of Japan