



March 21, 2025

To: California Air Resources Board

From: As You Sow

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

*As You Sow* respectfully submits the following comments in response to the Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219. *As You Sow* is a national leader in shareholder advocacy. We work with corporations on a range of issues, from climate change to environmental health, with the goal of reducing risk, benefiting brand reputation, and increasing company value while bringing positive environmental and social change. Our commitment to corporate accountability is founded on the belief that environmental stewardship and social responsibility are essential to informed corporate decision making that enhances shareholder value.

Investors benefit from reliable, comparable, and decision useful information when making strategic capital allocation decisions. Understanding the growing economic impacts of climate change, investors seek climate-related disclosures from companies to understand whether they are mitigating climate-related risk across their operations and supply chains, reducing emissions, and taking proactive steps to capitalize on emerging low carbon technologies, among others. California's Climate-Disclosure Legislation, once implemented, will provide investors with the standardized, high-quality disclosures they seek.

Climate risk is financial risk. Damages from climate change are predicted to cost [trillions](#) of dollars globally by 2050, while already costing [\\$16 million per hour](#) now. The U.S. is not exempt from these harms. In [2024](#), alone, the U.S. experienced 27 extreme weather disasters costing at least \$1 billion each. The recent wildfires in California alone are [expected](#) to result in economic losses of between \$250 and \$275 billion.

Given what investors, and a growing consensus of economists, analysts, and global financial regulators, know now about the current and foreseeable economic and financial impacts of climate change, we strongly support California's efforts to address public disclosure requirements for material climate-related data. These laws and their associated regulations are a significant opportunity to make business-relevant, climate-related information readily available. We commend California's leadership in this critical area.

We also note that the lack of quality data frustrates the ability of companies to assess relevant supply chain emissions; of financial institutions to fully assess risk and make informed capital allocation decisions; and even of public officials from understanding climate risk and progress or lack thereof, to name just a few critical uses for climate-related disclosures. When that decision-useful data is not readily

accessible, investors must invest time and resources to actively engage individual corporations and request material information to inform investment decisions.

In particular, we underscore the importance of the following key principles of the California Laws:

**Scope 3 emissions.** We commend the California Climate-Disclosure Legislation for the inclusion of Scope 3 value chain emissions. Scope 3 emissions often represent the largest source of emissions for companies (an average of [75%](#) of companies' total emissions) and present the most significant opportunities to address risk, influence greenhouse gas (GHG) reductions, and achieve a variety of GHG-related business objectives. Addressing Scope 3 emissions enables a positive feedback cycle where every company is actively working to reduce emissions in its value chain and benefits from the efforts of other companies.

In addition to emission reductions, increased visibility into supply chains can help companies and investors mitigate future business vulnerabilities, ensure the long-term stability of supply chains, and support suppliers' ability to respond to escalating climate risks. As noted by the [Greenhouse Gas Protocol](#), a warming climate presents a range of liabilities to a company, including future resource scarcity, physical impacts, changing regulations, consumer and employee concern, and reputational risk. By developing a Scope 3 inventory, companies can understand where risks and opportunities lie in their value chains, improve planning, and identify new market opportunities for goods and services with lower GHG emissions. Finally, by identifying GHG reduction opportunities across the supply chain, setting goals, and reporting on progress to stakeholders, companies can differentiate themselves in an increasingly environmentally-conscious marketplace.

**Ensuring public accessibility to climate-related information** is critical to monitoring risk and promotes effective decision making. While requiring the measurement and disclosure of climate-data to state regulators is an important starting point, it is essential that such data is readily accessible to investors, consumers, and other stakeholders. We recommend that these disclosures be stored on a centralized, searchable database open to the public.

With regard to the definition of **"does business in California,"** we encourage the California Air Resources Board to review the exception for insurance company disclosures. [Analysis](#) suggests that, while major U.S. insurance companies are making progress in disclosing their climate-related risks and strategies through the National Association of Insurance Commissioners' Climate Risk Disclosure Survey, significant gaps and disparities persist across the sector including quantifying and disclosing financed and insured emissions disclosures.

## Responses to Questions

**Question 1:** Regarding applicability of entities, we recommend that the largest number of entities should be included in the definition of "doing business in California." This recommendation is based on the financial materiality of climate-related disclosures and the value of this data for multiple stakeholders. We support covering those entities found in the Revenue and Tax Code section 23101, federal and state government entities, entities that are owned in part or wholly owned by a foreign government, as well as entities that sell energy, or other goods and services, into California through a separate market.

**Questions 3 & 13:** Currently, the California Climate-Disclosure Legislation is based on the Greenhouse Gas Protocol (2004) corporate standards and the Task Force on Climate-Related Financial Disclosures (TCFD) framework. These two voluntary standards have been incorporated into the ISSB Standards of IFRS Sustainability Disclosure Standards. As investors we rely on the Greenhouse Gas Protocol disclosures and the TCFD's risk reporting measures, and would benefit from California adopting mandatory rules in alignment with these standards. This will ensure reliable, comparable, and decision useful reporting by a more comprehensive range of reporting entities.

While the Greenhouse Gas Protocol has formed a memorandum of understanding to guide future work and collaboration between Greenhouse Gas Protocol and the ISSB, it is not yet clear how updates to the Greenhouse Gas Protocol will be integrated into IFRS2. Based on current expectations, updates from the Greenhouse Gas Protocol should be available for use in 2027. We recommend that the California Air Resources Board should consider these recommendations and integrate best practice in reporting on Scopes 1, 2 and 3 within a reasonable time period, as defined by the California Air Resources Board.

As a principle, reporting entities should be consistent in any reporting method used, except for when a reporting method change enhances data quality and accuracy. Investors have an expectation that reporting methods on Scope 3 emissions will improve over time, as suppliers improve data collection and reporting. Flexibility should be considered in California Air Resources Board's rulemaking process to allow for improving data collection and reporting methodologies.

**Question 5:** We recommend that entities should report directly to the California Air Resources Board, and that responses should be made available to the public. While requiring the measurement of and disclosure of emissions data to state regulators is an important starting point, it is essential that such data is freely and readily accessible to investors and the public. We recommend that these disclosures are stored on a centralized, searchable database and not limited to an entity's own internet website.

**Question 8:** Climate data is critical to investors and should be disclosed pursuant to a standard equivalent to disclosure of other material financial data. There are currently multiple options available for verification or assurance of GHG emission disclosures. To ensure that climate data is reliable for decision making, we recommend that the California Air Resources Board select assurance standards that enable investors to make decisions with confidence. Furthermore, we recommend that the California Air Resources Board require entities to seek reasonable assurance of data provided.

**Question 9:** Climate disclosures should be reported at the same time as financial statements are reported, ensuring that all relevant financial risk data is available for decision making.

Thank you for considering these comments.

Sincerely,

Abigail Paris

Climate & Energy Program Manager

**As You Sow**