



# NACW Presentation Steven M. Rothstein

---

March 20, 2024

# Climate Corporate Data Accountability Act (SB 253)

**WHAT:** The Climate Corporate Data Accountability Act (SB 253) will require U.S. and multinational companies doing business in California with revenues of at least \$1 billion to annually report their complete greenhouse gas (GHG) emissions—scopes 1, 2, and 3—to a third-party emissions reporting organization contracted by the California Air Resources Board (CARB).

**WHO:** The law will apply to an estimated 5,300 U.S. and multinational companies—including publicly and privately held corporations, LLCs, and partnerships—that meet the \$1 billion revenue threshold and are “doing business in California.”

**HOW:** SB 253 identifies the GHG Protocol—the most widely adopted GHG emissions reporting framework—as the standard for disclosures. Emissions data must be verified by a third-party assurance provider. CARB will finalize reporting regulations by Jan. 1, 2025.

**WHEN:** Scope 1 and 2 emissions data will be required beginning in 2026 on a date to be set by CARB. Scope 3 emissions data will be required beginning in 2027 on a date to be set by CARB.

# Climate-Related Financial Risk Disclosure Act (SB 261)

**WHAT:** The Climate-Related Risk Disclosure Act (SB 261) will require U.S. and multinational companies doing business in California with revenues of at least \$500 million to biennially prepare and publish a climate-related financial risk report.

**WHO:** The law will apply to an estimated 10,000 U.S. and multinational companies—including publicly and privately held corporations, LLCs, and partnerships—that meet the \$500 million revenue threshold and are “doing business in California.”

**HOW:** SB 261 identifies the International Task Force on Climate-Related Financial Disclosures’ (TCFD) framework as the standard to be used for disclosures. The TCFD framework is also expected to be used by the SEC for their pending climate disclosure rule and is incorporated in the CDP’s climate change questionnaire.

**WHEN:** The first disclosures will be required by Jan. 1, 2026.

# California sets national standard for corporate climate disclosure as governor signs landmark legislation





September 15, 2023

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

RE: 261 (Stern) Greenhouse Gases: Climate-Related Financial Risk – Request for Signature

## Businesses Push for Swift Passage of Nation-Leading Climate Disclosure Bills in California

The message of both climate disclosure bills (SB 253 and SB 261) is clear: **climate risk is financial risk.**

Lawmakers must make sure California remains a leader in the clean energy economy.

**PASS CLIMATE DISCLOSURE BILLS NOW!**



September 15, 2023

The Honorable Gavin Newsom  
Governor, State of California  
State Capitol, First Floor  
Sacramento, CA 95814

RE: SB 253 (Wiener) The Climate Corporate Data Accountability Act – Request for Signature

**Google California**  
@GoogleInCA

Corporate GHG emissions and climate-risk disclosures are a key element to combating climate change. We've been reporting our own emissions for over a decade, and we're pleased to support SB253 and SB261, which will help create a robust climate-disclosure framework in California.

**Senator Scott Wiener**  
@Scott\_Wiener

Huge new endorsement — @Apple — of our groundbreaking climate bill to require large corporations to disclose their carbon footprint (SB 253).

Thank you, Apple, for making clear that this is doable & a critically important piece of climate action.

The Honorable Scott Wiener  
State Senator  
1021 O Street, Suite 8620  
Sacramento, CA 95814-4900

**SB 253 (Wiener) - Climate Corporate Data Accountability Act - Support**

Dear Senator Wiener:

We are writing to lend Apple's support to your SB 253, which requires large businesses in California to annually disclose their greenhouse gas emissions.

Fighting climate change remains one of Apple's most urgent priorities. Apple is already carbon neutral for our corporate footprint, and we have set an ambitious goal to be carbon neutral across our global supply chain and the lifecycle of every product we make by 2030.

Throughout our environmental journey, we've emphasized the importance of measurement and reporting to help us understand our impact. We've strongly supported climate disclosures to improve transparency and drive progress in the fight against climate change, and we're grateful for your leadership to drive comprehensive emissions disclosure.

For the last decade, Apple has modeled, measured, and voluntarily reported our carbon emissions, working to improve the accuracy of our footprint and raise the ambition of our goals. Our efforts over the years appear in a comprehensive annual environmental report that outlines our environmental efforts, including our work to reduce our carbon footprint, strategies to address our climate impact, and progress towards reaching our carbon neutrality goal.

**Laudable Measures**

The approach proposed in SB 253 aligns with many of the lessons Apple has learned during our journey, and we'd like to commend a few aspects in particular:

**Inclusion of Scope 3 emissions**

To ensure accuracy and transparency, we strongly believe that companies' carbon emissions disclosures should include their scope 3 emissions. While these emissions can be challenging to measure, they are essential to understanding the full range of a company's climate impacts.

We acknowledge that there is inherent uncertainty in modeling carbon emissions, primarily due to data limitations. Scope 3 emissions, in particular, involve making educated assumptions and complex modeling. We believe, however, that our reports attest to the feasibility of reasonably modeling, measuring and reporting on all three scopes of emissions, including scope 3 emissions, which represent the overwhelming majority of most companies' carbon footprint and are therefore critical to include.

**Third party assurance**

We have found that engaging third-party experts can help ensure the desired quality, consistency, comparability and reliability of the information we report. We support the quality and appropriateness of third party assurances.

**Harmonization and efficiency**

Given the likely proliferation of mandatory disclosures at the international, national, and sub-national level, we appreciate the provisions for the state board to minimize the need for reporting entities to prepare duplicative reports or engage multiple assurance providers. We would welcome further efforts to promote convergence at a national and international level.

**Opportunities**

While we are in strong support of the bill overall, we see a few opportunities to improve implementation:

**Standards**

We align with reporting frameworks such as the Global Reporting Initiative and the Task Force on Climate-related Financial Disclosures (TCFD) in measuring and reporting our global carbon footprint, including direct emissions (scope 1), indirect emissions (scope 2), and relevant emissions across our corporate value chain (scope 3), including the full life cycle of our products. We account for our comprehensive emissions in accordance with the Greenhouse Gas Protocol, and have developed detailed life cycle assessment models to account for relevant scope 3 emissions for our products in accordance with ISO 14067:2018 and based on a combination of Apple-specific and industry-average datasets for material production, manufacturing processes, electricity generation, and transportation.

While the Greenhouse Gas Protocol is certainly an appropriate and widely used international standard, the legislation should contemplate the use of additional and equivalent, internationally recognized standards for organizational greenhouse gas reporting, such as those developed by the International Organization for Standardization, sooner than 2033. The state board should have the ability to review and confirm additional accounting and reporting standards on a more frequent basis.

**Timelines**

The legislation currently leaves open the date by which Scope 1 and Scope 2 disclosures must be made. In setting the reporting deadlines, we encourage the state board to consider leaving sufficient time for data collection, quality control, and third party review.

**Summary of our support**

Your bill would encourage others to speed up their efforts towards carbon neutrality, and push them to work with their supply chains, just as Apple is doing. We thank you for your efforts to maintain California as a leader in fighting climate change.

Very Truly Yours,  
*Scott Wiener*  
D. Michael Padges  
Director  
State and Local Government Affairs

# Global Mandatory Disclosure Landscape

	California Disclosure Laws	SEC Proposed Climate Disclosure Rule	EU CSRD
Scope of Coverage	<p>Public &amp; private companies (including LLCs and partnerships) organized in the United States and "doing business in California"</p> <p><b>SB 261:</b> &gt;\$500 million revenue (~10,000 companies)</p> <p><b>SB 253:</b> &gt;\$1 billion revenue (~5,000 companies)</p>	<p>SEC registrants (mostly companies with U.S. public equity listings, including foreign private issuers)</p> <p>~8,000 companies</p>	<p>1) Companies listed on EU-regulated markets; 2) large EU companies, both listed and unlisted, including large subsidiaries of non-EU companies; 3) SMEs listed in the EU; 4) non-EU parent companies with more than €150 million in annual EU revenue</p> <p>~50,000 EU companies and ~10,000 non-EU companies (1/3 of those U.S. co.'s)</p>
Information Required	<p><b>SB 261:</b> Biennial preparation and publication of a TCFD-aligned risk report</p> <p><b>SB 253:</b> Annual Scope 1-3 emissions data</p> <p>Emissions data required regardless of materiality determination</p>	<p>Climate-related risks, primarily through the lens of traditional financial materiality</p> <p>Scope 1-2 emissions; Scope 3 if material or if the company has set a target</p>	<p>Broad range of sustainability topics—not just climate, but also environment, social, and governance. Unique double materiality threshold</p> <p>Emissions reporting subject to (double) materiality determination</p>
Status	<p>Signed by Governor Newsom; pending regulatory implementation</p>	<p>Pending finalization and adoption</p>	<p>Implementation ongoing; first round of companies will report on 2024 data</p>
Key Questions	<p>CARB implementation; scope of anticipated follow-up legislation</p>	<p>Some key issues in question (e.g., Scope 3, financial statement footnotes); political landscape; litigation anticipated</p>	<p>Multinational companies must determine reporting entities; double materiality assessments must begin; some ESRS topical standards may present challenges</p>