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March 19, 2025

California Air Resources Board
1001 I Street
Sacramento, CA 95814

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

We appreciate the opportunity to provide input to help inform the regulatory development work of the California Air Resources Board (CARB) to implement SBs 253 and 261, as amended by SB 219.

To facilitate translating these bills into a practical regulation with minimal reporting burden and data collection cost, while at the same time producing timely, good quality, easily accessible data, we urge CARB to adopt the same digital, standardized data approach that is being implemented by other regulators around the world.

Global regulators that have adopted climate reporting mandates require data to adhere to the Greenhouse Gas (GHG) Protocol and the Task Force on Climate Related Financial Disclosures (TCFD), and for that data to be prepared in XBRL (eXtensible Business Reporting Language) format. XBRL formatting renders data machine-interpretable, more timely, accessible, and less expensive to collect and process. Global programs, mandated by the European Union (EU) and countries that follow International Financial Reporting Standards (IFRS) will likely apply to many of the same companies that will need to report to CARB. Adopting the same approach as these global mandates will eliminate duplication of reporting and generate machine-readable, interoperable data that can be compared, shared, and inventoried across all reporting companies.

XBRL is an open, nonproprietary, structured, semantic data language that is used in over 200 regulatory programs[1] around the world to report financial and non-financial data, including climate data. U.S. federal regulators including the Federal Deposit Insurance Corporation (FDIC), the Securities and Exchange Commission (SEC), and the Federal Energy Regulatory Commission (FERC) have been requiring financial data to be reported in XBRL format from banks, public companies and investment management companies, and public utilities for as long as twenty years.[2] Climate disclosure reporting in structured, XBRL format, is a logical transition, and one that will require a limited learning curve for many reporting entities.

[1] XBRL Project Directory: https://www.xbrl.org/the-standard/why/xbrl-project-directory/
[2] Banks have been reporting in XBRL format to the FDIC since 2005; public companies and investment management companies to the SEC since 2009; utilities to the FERC since 2021.

How does XBRL work?

XBRL enables the machine-readable transport of GHG emissions data by harmonizing with the GHG Protocol to satisfy SB 253; it enables the machine-readable rendering of company reports on climate-related financial risk with TCFD standards to satisfy SB 261.

XBRL uses a “digital dictionary” called a taxonomy that contains labels and definitions for what needs to be reported. A taxonomy for GHG emissions, for example, contains computer-readable names, labels, and definitions that represent Scope 1, 2, and 3 GHG emissions. An XBRL taxonomy also contains relationships between data reported, for example, it defines the sum of GHG emissions Scope 1, 2, and 3 as equaling total GHG emissions. The taxonomy provides mechanisms that allow reported data to be disaggregated, for example, a company can report Scope 3 emissions broken down into categories 1 through 15 per the GHG Protocol; and they can also report total Scope 3 emissions. Structurally defined relationships like these can also be used to establish validation rules that can be used to check data accuracy, for example, that subtotals total accurately.

Most importantly, because global regulators have already adopted XBRL for their own climate initiatives, there are open-source taxonomies already available that CARB can freely leverage for their climate data collection programs. The IFRS Foundation, for example, established the International Sustainability Standards Board (ISSB) which developed the ISSB Taxonomy[3]. This taxonomy is being used by companies in IFRS reporting countries to satisfy climate disclosure requirements. It is designed to express data that follows the GHG Protocol and the TCFD. 36 jurisdictions, so far, have adopted or are using these standards.

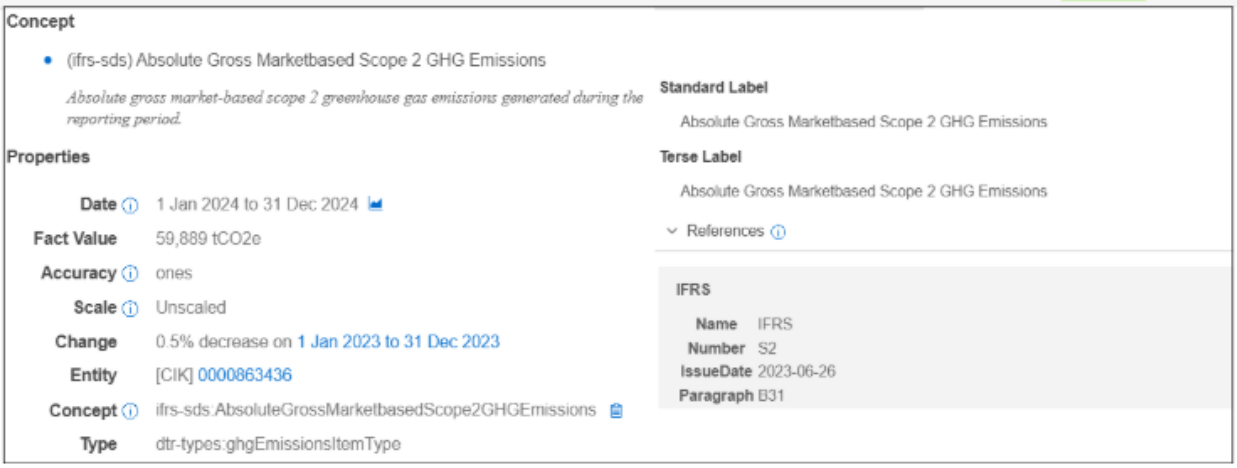
When data is prepared in structured XBRL format, each value reported contains embedded information that unambiguously, concretely, explains what it represents.

The visual below shows part of an XBRL report of GHG emissions that was prepared using the ISSB Taxonomy. Facts highlighted in orange and green contain digitally embedded information so they can be unambiguously understood by the computer that receives it. The report, called “Inline XBRL” is both human-readable and machine-readable. When a visitor to the web page clicks on a fact, like 59,889, an open-source XBRL viewing software generates a popup box (see bottom of the visual) that shows the information associated with the fact.

The value of 59,889 represents this company’s Scope 2, market-based GHG Emissions for the period 2024, reported in tons of Carbon Dioxide Equivalent. This descriptive information is digitally communicated along with the fact, so that it can be read from computer to computer with no need for manual data entry or vetting.

[3] International Sustainability Standards Board (ISSB) Taxonomy: https://www.ifrs.org/projects/completed-projects/2024/ifrs-sustainability-disclosure-taxonomy/

Metric	2024
Emissions [14]	
Direct (Scope 1) GHG emissions (tCO2e)	4,910
Energy indirect (Scope 2) GHG emissions (tCO2e, market-based)	59,889
Energy indirect (Scope 2) GHG emissions (tCO2e, location-based)	63,528
GHG emissions intensity (tCO2e / thousand $ revenue)	0.024000
GHG emissions intensity (tCO2e / sq ft)	0.0159
Combined Scope 1 and 2 emissions (tCO2e, market-based)	64,799



Because it is open-source, CARB can freely use the ISSB Taxonomy as part of its regulation to require reporting entities to satisfy rules created to represent SBs 253 and 261. Adopting the ISSB Taxonomy comes at minimal cost not only because it is an open standard and free to use today, but because the IFRS, through the ISSB, will continually support and maintain the taxonomy going forward. Ongoing support conducted by the ISSB will include incorporating changes in climate reporting standards like the GHG Protocol and TCFD, as well as changes in accounting standards.

Regulators and industry gain by following the same approach used worldwide.

- Gains for regulators:
  - Reported data is machine-readable as soon as it is reported, allowing immediate data extraction and analysis. CARB can post “as submitted” documents on their website and other data users can immediately extract and analyze the data from these reports as well.

    - Making data available to the public is less expensive than with non-machine-readable "paper-based" reports because reported data can be posted "as submitted" on the CARB website. Data aggregators and applications providers can extract data from published reports directly without the need for CARB to extract data into a database and build costly, custom screening and analytical tools before data can be used. As analytics needs change, the competitive market will adapt to it because data and software providers have access to highly granular, structured data.
    - Reported data is likely to have higher data integrity, as reporting requirements are more concrete and easier for reporting entities to understand and report consistently. Structured data can be automatically checked by reporting entities when they are preparing the data; validation rules established by CARB will help entities check their data and gives them an opportunity to correct errors before final submission.
- Gains for reporting entities:
    - Eliminate duplicate reporting for businesses that are also subject to global regulations. Companies can repurpose reports they prepare for non-US regulators and submit the same report to CARB to satisfy SBs 253 and 261.
    - Report preparation is simplified because there is greater clarity about what needs to be reported. Reporting requirements, communicated through the taxonomy, are explained in structured data terms that are concretely defined, eliminating the ambiguity found in much of climate reporting today. This in turn, generates data that is more consistent and comparable entity to entity.
    - Many companies that will need to comply with SBs 253 and 261 have been reporting in XBRL format for years, therefore the report preparation process is already in place within their financial accounting departments.
- Gains for other data users:
    - Elimination of manual data entry and review which is necessary when data is reported in static PDF (paper-based) documents or spreadsheets.
    - Access to more timely, structured data that is less expensive to process and analyze.
    - Better quality, more granular data.
    - Reduced cost of analysis as the competitive marketplace has an incentive to pull data directly and build analytics offerings for data consumers.

XBRL US supports effective implementation of SBs 253 and 261

As an open data standards consortium, we advocate for open digital data to improve the quality and efficiency of reporting. We have a keen interest in making sure that implementation of SBs 253 and 261 results in decision-useful, actionable data.

To help CARB meet its goals, we have created open-source deliverables that companies can use to satisfy the requirements of SB 253. These contributed (freely available) deliverables include:

- A subset of the ISSB Taxonomy that contains the concepts needed to satisfy SB 253. This smaller taxonomy references the ISSB Taxonomy so that it gains from ISSB's ongoing maintenance of the larger taxonomy, but it simplifies the reporting process for companies that just need to comply with California requirements. Reporting entities using the smaller taxonomy are given access to just those terms that they need to comply with SB 253.
- Guidance materials that explain how the taxonomy works and how to use it.
- Sample company reports to illustrate how machine-readable climate data is reported.

These materials can be accessed here: https://xbrl.us/xbrl-taxonomy/2025-sghg/

In addition, we are developing an open-source web-based application that CARB can provide to small companies that are likely not subject to other global climate reporting requirements so that they can satisfy SB 253 reporting requirements at minimal cost and effort.

The taxonomy, sample reports, and guidance[4] are available now to enable digital reporting for SB 253. The free application for small companies will be available by July 2025. We plan to prepare similar contributed materials to assist with SB 261. These tools can help CARB quickly start up its program of digital reporting in alignment with global requirements.

We urge the CARB to leverage the ISSB Taxonomy and require that data be reported in digital (XBRL) format, following the same requirements set in Europe by the Corporate Sustainability Reporting Directive (CSRD) and in IFRS reporting countries. This approach will generate useful, interoperable data, minimize reporting burden, and minimize resources required and costs to CARB.

Responses to specific questions in the solicitation

Below are responses to certain questions raised in CARB's solicitation.

General Applicability

Response to 2c: 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?

We support the use of the Legal Entity Identifier (LEI) as the most efficient, globally used method to track company ownership structure.

[4] Access the State GHG (SGHG) Taxonomy and Taxonomy Guide: https://xbrl.us/xbrl-taxonomy/2025-sghg/

General: Standards in Regulation

Response to 3a: 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?

By leveraging the taxonomies and standards adopted by global regulators, CARB can piggyback off the work of the ISSB which will support and maintain the ISSB Taxonomy, keeping it up to date with sustainability standards. In 2023, the TCFD fulfilled its responsibilities and disbanded; it then handed off the work of maintaining the TCFD to the IFRS Foundation (the parent organization to the ISSB). As noted on its website[5], the Financial Stability Board (FSB) which created the TCFD, "*... has asked the IFRS Foundation to take over the monitoring of the progress of companies' climate-related disclosures*."

In June 2024, the IFRS Foundation and the GHG Protocol struck a partnership, announcing[6], "*The framework for measuring greenhouse gas emissions developed by GHG Protocol has become embedded in capital markets infrastructure through the use of the GHG Protocol Corporate Standard (2004) in the measurement and disclosure requirements of IFRS S2 Climate-related Disclosures. IFRS S2, and other IFRS Sustainability Disclosure Standards, are set by the ISSB, which falls under the broader banner of the IFRS Foundation.*"

CARB can rest assured that by adopting the ISSB Taxonomy, they will stay aligned with the most current standards. The ISSB, under the IFRS Foundation, will support and maintain the ISSB Taxonomy going forward and CARB can freely leverage their work.

Response to 3b. 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?

There will be an overlap in requirements between the California regulations and global climate mandates already in place. In addition to the 36 programs already underway that will be using the ISSB Taxonomy, the CSRD also calls for digital reporting of climate data and that program has already begun. Reporting entities will be phased in with public companies in the first wave of companies required to comply.

The IFRS Accounting Standard is followed in 168 jurisdictions globally[7] and as noted earlier, 36 jurisdictions[8] already have ISSB adoption underway (Note that this November 2024 report has since been updated to the more recent count of 36 adopting jurisdictions). Countries that report

[5] TCFD website: https://www.fsb-tcfd.org/
[6] https://ghgprotocol.org/blog/release-ghg-protocol-launches-official-partnership-ifrs-foundation#:~:text=Title&text=LONDON%20(June%2024%2C%202024),Sustainability%20Standards%20Board%20(ISSB).
[7] Who uses IFRS Accounting Standards? https://www.ifrs.org/use-around-the-world/use-of-ifrs-standards-by-jurisdiction/#analysis-of-use-of-ifrs-accounting-standards-around-the-world
[8] IFRS, New report sets out global progress towards both mandated and voluntary corporate climate-related disclosures: https://www.ifrs.org/news-and-events/news/2024/11/new-report-global-progress-corporate-climate-related-disclosures/

under IFRS will establish their own climate reporting mandates and will require the use of the ISSB Taxonomy.

Given the overlap between companies required to report to CARB and those reporting through programs in Europe and in IFRS reporting countries, CARB can minimize duplication of reporting by adopting the same standards approach. An emissions reporting document prepared by a company to satisfy requirements in non-US jurisdictions can be repurposed to satisfy California regulatory requirements as well.

General: Data Reporting

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

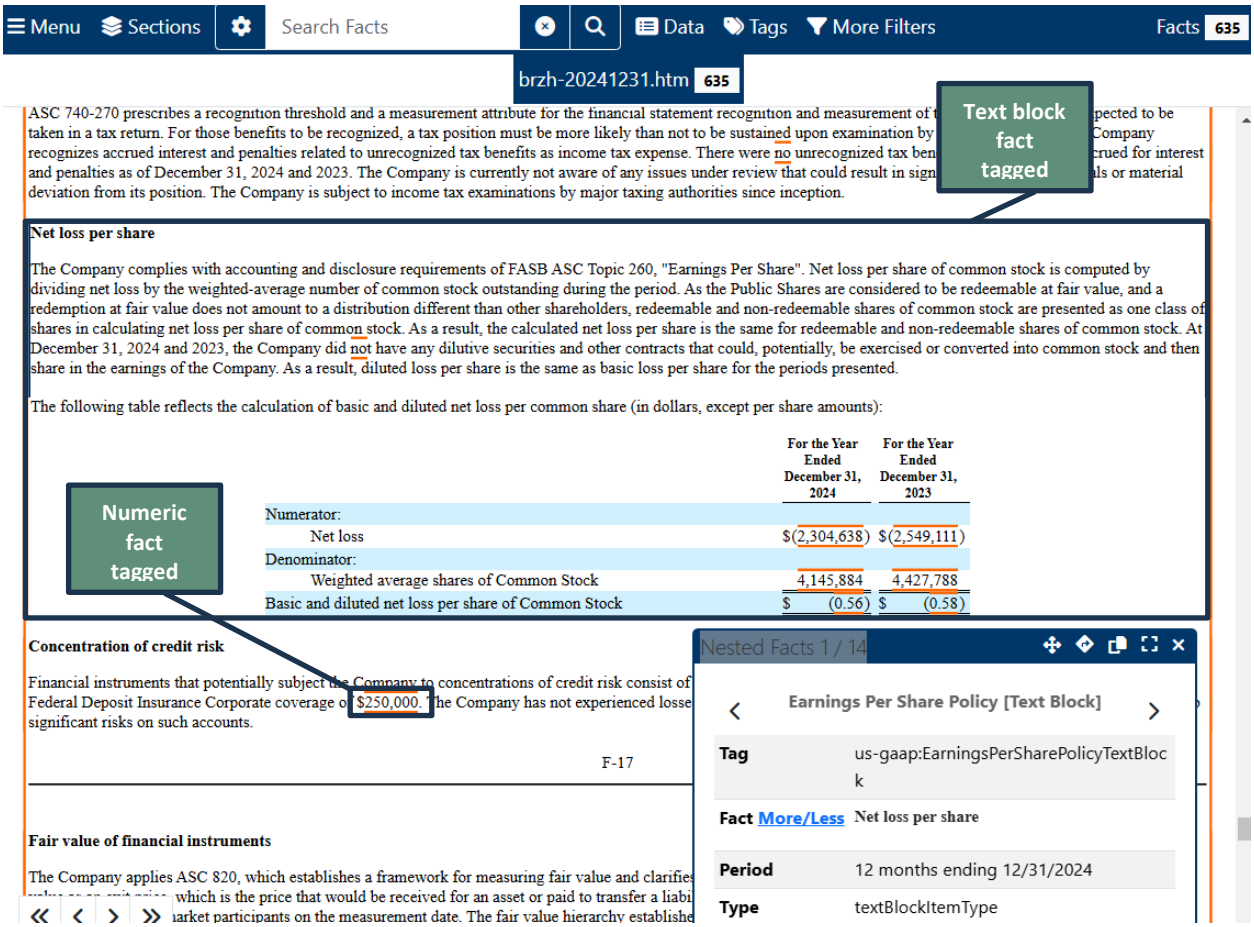
Establishing data collection by a third-party is an acceptable approach but it is important to guard against third parties leveraging their position to create proprietary products and financially gain from their role. If CARB opts to engage a third party, it is important that open data standards be required for all reporting to the third party and that all data be made freely accessible in the form in which it is submitted by the reporting entity. When data is freely available and in automated, digitized format, data and analytics providers will extract and serve it up to their clients, ensuring better timeliness and the lowest possible cost of the data to all, expanding usage to not just regulators, but to academics, researchers, investors, and watchdog groups.

Alternatively, CARB could collect data submissions directly and make the information available to the public in a very cost-effective manner. By collecting data in digital, machine-readable (XBRL) format, CARB could immediately publish company submissions *as reported*. XBRL-prepared documents can be extracted into commercial tools and databases automatically for immediate use. This ensures the lowest possible cost of emissions data and analytics to those who use the data; and the collection and distribution costs to CARB are minimal. There is no need for CARB to create querying and extraction tools to use the data; the competitive market takes care of that on its own.

Federal data collectors at the SEC follow this approach; as soon as a public company submits their XBRL-formatted financial report to the SEC's Electronic Data Gathering and Retrieval (EDGAR) system, it is publicly posted. The visual below shows the SEC website[9] where visitors can search on the latest filings. Each of the Form 10-K documents shown below are submitted in machine-readable format and immediately posted to the SEC data collection system exactly as reported. This creates a kind of index of reports which data consumers ingest through RSS feeds or other mechanisms and automatically extract the data into their own databases and analytical tools. A visitor to the SEC site can click on one of the listed filings, like the Breeze Holdings 10-K financial statement in the call-out box and open a document that is both human- and machine-readable.

[9] SEC.gov Latest Filings search: https://www.sec.gov/cgi-bin/browse-edgar?action=getcurrent

The visual below shows the opened Breeze Holdings filing. Each fact shown with red bands above and below like the value $250,000 is XBRL “tagged” with information that defines it. In addition to the numeric facts that are machine-readable, narratives like the “Earnings Per Share Policy [Text Block]” defined as shown in the popup box on the lower right-hand side of the image are also machine-readable and can be extracted with ease. The ability to extract narratives like this can easily apply to TCFD information like governance policies, targets, and strategy descriptions.



ASC 740-270 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of t pected to be taken in a tax return. For those benefits to be recognized, a tax position must be more likely than not to be sustained upon examination by Company recognizes accrued interest and penalties related to unrecognized tax benefits as income tax expense. There were no unrecognized tax ben crued for interest and penalties as of December 31, 2024 and 2023. The Company is currently not aware of any issues under review that could result in sign ls or material deviation from its position. The Company is subject to income tax examinations by major taxing authorities since inception.

Net loss per share

The Company complies with accounting and disclosure requirements of FASB ASC Topic 260, "Earnings Per Share". Net loss per share of common stock is computed by dividing net loss by the weighted-average number of common stock outstanding during the period. As the Public Shares are considered to be redeemable at fair value, and a redemption at fair value does not amount to a distribution different than other shareholders, redeemable and non-redeemable shares of common stock are presented as one class of shares in calculating net loss per share of common stock. As a result, the calculated net loss per share is the same for redeemable and non-redeemable shares of common stock. At December 31, 2024 and 2023, the Company did not have any dilutive securities and other contracts that could, potentially, be exercised or converted into common stock and then share in the earnings of the Company. As a result, diluted loss per share is the same as basic loss per share for the periods presented.

The following table reflects the calculation of basic and diluted net loss per common share (in dollars, except per share amounts):

	For the Year Ended December 31, 2024	For the Year Ended December 31, 2023
Numerator:		
Net loss	$(2,304,638)	$(2,549,111)
Denominator:		
Weighted average shares of Common Stock	4,145,884	4,427,788
Basic and diluted net loss per share of Common Stock	$ (0.56)	$ (0.58)

Concentration of credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist of Federal Deposit Insurance Corporate coverage o $250,000. The Company has not experienced losse significant risks on such accounts.

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Fair value of financial instruments

The Company applies ASC 820, which establishes a framework for measuring fair value and clarifies which is the price that would be received for an asset or paid to transfer a liabi arket participants on the measurement date. The fair value hierarchy establishe

Data aggregators and analytics providers can immediately ingest the report and extract data into their applications which can then be served to clients or ingested for internal use. This streamlined approach to data delivery is cost-effective and efficient. It has lowered the cost of data and analysis to all, increased timeliness, and leveled the playing field between large and small reporting entities. Accessing data from thousands of entities takes the same effort as accessing data from one entity.

Climate data produced in digital (XBRL) format through CARB collections could be easily combined with other climate data reported to the EU and other IFRS reporting countries as noted earlier, because all data would be prepared in the same structured data format. This enables comparison between entities and provides a more holistic view of climate impact. Furthermore, climate data reported by public companies could be combined with their own financial data because it would all be reported in the same structured format. The ability to combine financial and climate data can help in understanding the link between climate policies and financial performance.

SB 253: Climate Corporate Data Accountability Act

Response to 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?

We recommend that CARB adopt the ISSB Taxonomy to report GHG emissions. The ISSB Taxonomy already contains concepts that standardize GHG Protocol reporting and was developed by individuals with extensive climate data expertise. This global taxonomy is likely to be used by the largest number of reporting entities and it contains elements to express emissions per the GHG Protocol and climate-risk data per the TCFD.

The EU CSRD initiative has created a second, much larger European Sustainability Reporting Standards (ESRS) Taxonomy.[10] While this also includes concepts to express GHG emissions and climate narrative data, we recommend that CARB adopt the ISSB Taxonomy because:

- It is likely to be more widely adopted as it will be used by many more reporting jurisdictions beyond Europe.
- The owner of the ISSB Taxonomy, the IFRS Foundation, is closely aligned with the GHG Protocol and TCFD, ensuring ongoing, comprehensive development and evolution of the taxonomy.
- The more targeted ISSB Taxonomy better aligns with the needs of CARB; the ESRS Taxonomy contains concepts to express information that CARB does not need, for example, diversity, equity, and inclusion data.

Although European companies complying with CSRD will use the ESRS Taxonomy, work is underway and expected to be completed by 2026, that will establish an authoritative concordance between the ESRS and ISSB Taxonomies. Companies that report using the ESRS Taxonomy can use the concordance (or mapping) to convert their report to the ISSB Taxonomy for submission of their climate-related data to CARB. This approach will allow companies reporting per CSRD requirements to efficiently report the same data to CARB cost-effectively, without duplicating the reporting process.

Response to 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?

Many companies voluntarily report climate financial risk disclosures through the Carbon Disclosure Project (CDP). These surveys are not freely available and are not provided in a standardized, machine-readable format, therefore we do not recommend allowing companies to use CDP survey reports as a means to satisfy SB 253 or 261 requirements.

[10] https://www.efrag.org/en/news-and-calendar/news/efrag-publishes-the-esrs-set-1-xbrl-taxonomy

Annual climate data reporting is appropriate as it mirrors requirements set in global climate data collection. Regulators worldwide should be consistent in reporting requirements to minimize reporting burden.

SB 261: Climate Related Financial Risk Disclosure

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

Voluntary reporting through annual CDP surveys is used to inform investors and other corporate stakeholders. Some companies also voluntarily prepare ESG-type reports or include climate risk information in annual reports.

Regulatory reporting however, is likely to command greater attention from senior level, “c-suite” management than voluntary reporting and as such, will receive greater internal review and scrutiny. Starting in 2026, many companies will be required to comply with mandatory regulatory reporting requirements which will include climate financial risk disclosures. Mandatory regulatory reporting through the CSRD and through mandates established in IFRS reporting countries will also call for climate-related financial risk disclosures following TCFD.

As CARB considers other business reporting that they may allow companies to leverage to comply with California regulations, we urge them to allow reporting entities to submit reports prepared to satisfy other regulatory mandates such as CSRD and ISSB reporting.

Regulatory reporting in the EU and in IFRS reporting countries on climate-related financial risk will adhere to the TCFD and the GHG Protocol; and will be prepared following the XBRL standard to render the data unambiguously machine-readable and automatable. Adopting the same approach will make it less burdensome and less expensive, both for reporting entities and for CARB.

Thank you for the opportunity to provide input to your work in preparing regulations to satisfy SBs 253 and 261. We would be happy to discuss our recommendations in greater detail. I can be reached at (917) 582-6159 or Campbell.Pryde@XBRL.US.

Sincerely,

Campbell Pryde
President and CEO, XBRL US