

# GHG Reporting: New Requirements on the Way



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**The climate-related landscape  
continues to evolve as new laws in  
CA will take effect as early as 2026.**

**SB 253 – Climate Corporate Data Accountability Act**

**SB 261 – Climate-Related Financial Risk Act**





# SB 253 Reporting

- Applies to businesses generating more than \$1 billion in revenue that do business in CA
- Scope 1 and 2 emissions from your own operations (2026)
- Scope 3 emissions downstream and upstream value (2027)



# SB 261 Reporting

- Applies to businesses with \$500 million in annual revenue
- Report financial risk as rising from climate change
- Report plans for mitigating that risk



## **Expert Panel here to discuss...**

- **Who is impacted?**
- **What actions need to be taken NOW?**
- **What else do impacted businesses need to know?**

## Regulations



SEC Climate  
Disclosure Rule



Corporate Sustainability  
Reporting Directive



EU Emissions  
Trading System



California Senate  
Bills 253 & 261

## Standards



GREENHOUSE  
GAS PROTOCOL

GHG Protocol  
Corporate Standards



IFRS Sustainability Disclosure  
Standards S1 and S2



ISO 14064  
GHG Emissions



SCIENCE  
BASED  
TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

Science Based  
Targets Initiative

## Frameworks & Guidance



CDP Environmental  
Impact Disclosure



Sustainability Accounting  
Standards Board



Task Force on Climate Related  
Financial Disclosures

## Preliminary analysis of dairy company revenues and supply chains indicates that...

**41**

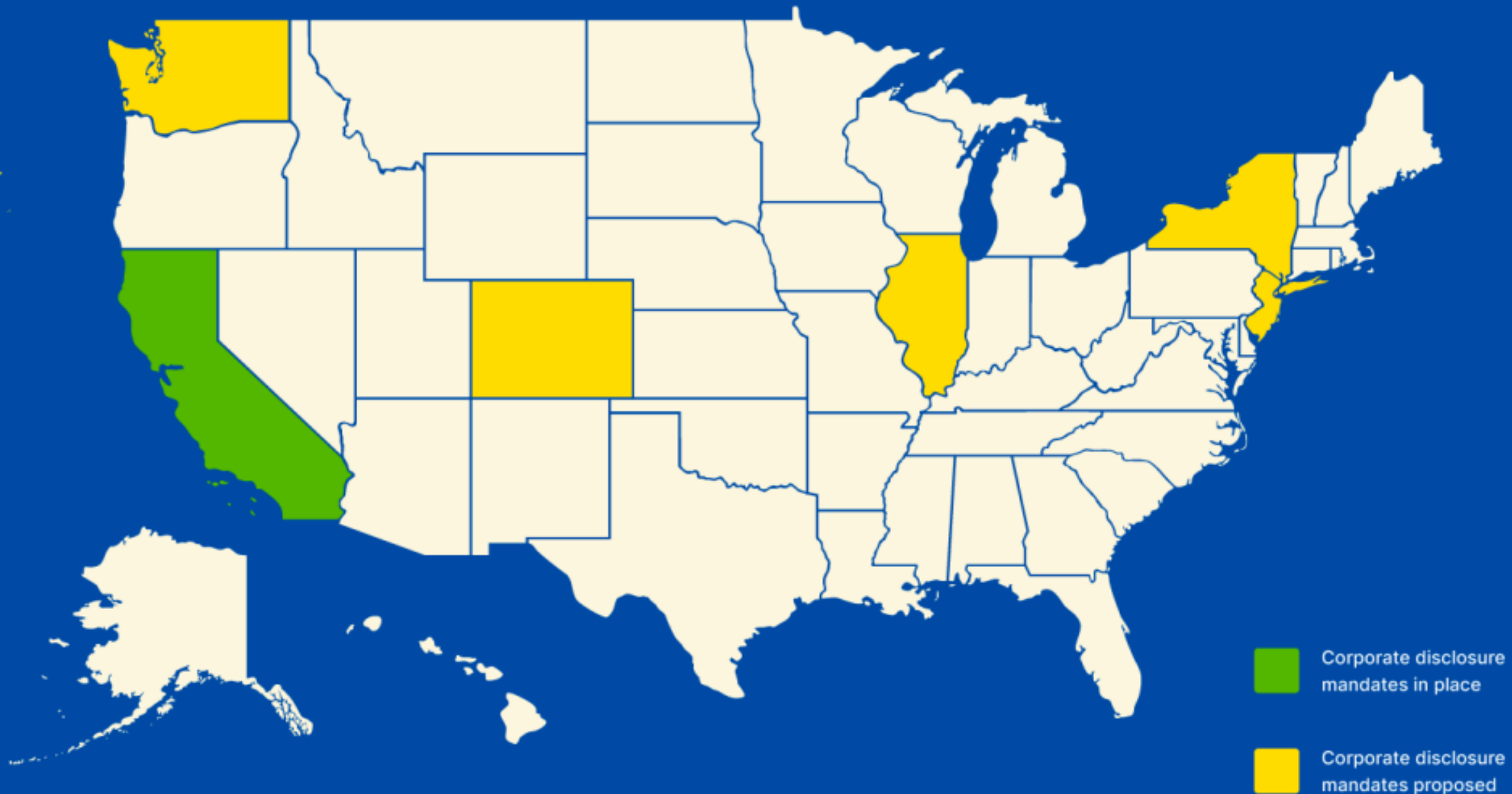
**dairy cooperatives and processors  
will be subject to SB 253\***

**53**

**dairy cooperatives and processors  
will be subject to SB 261\***

**Non-compliance penalties: \$50,000 - \$500,000 per year**

*\* Estimates based on latest available fiscal year sales data (FY 2023) reported by Dairy Foods' Top 100 dairy companies/dairy processors in the U.S. for 2024*





# U.S. Dairy GHG Engagement Landscape



**Carbon Collaboration**



**Corporate Net-Zero  
Standard Update**



**GHG Accounting CEO  
Task Force**



**Corporate Standards  
and Guidance Update**



**Food & Agriculture  
Working Group**

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# How Can Dairy Businesses Prepare Now?

- **Assess GHG Inventory** – Implement tools and systems to measure and manage your scope 1, 2 and 3 GHG emissions, such as FARM Environmental Stewardship, and the U.S. Dairy Stewardship Commitment’s Processor Stewardship Reporting Tool.
- **Engage Upstream Suppliers** – Consider education tools and strategies to ensure producers and cooperatives are equipped to measure GHG emissions.
- **Prepare for Climate Risk Disclosure** – Map physical and regulatory risks to operations and supply chains; familiarize yourself with the TCFD framework.
- **Monitor CARB Regulations** – Watch for key definitions of “doing business” and how cooperatives will be subject to the rules.
- **Identify Consultants** – Engage and rank a short list of consultants with GHG and climate disclosure expertise that can support your business with compliance and verification.

# Appendix

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# Innovation Center GHG Accounting CEO Task Force

## Goal:

Create a favorable environment for dairy farmers to invest in GHG reductions on farm and ensure that U.S. dairy can successfully demonstrate its positive impact in reducing GHG as a category.

## Strategies:

- Provide a CEO-level forum to ensure top leadership alignment, direction and support for U.S. dairy's approach and ability to impact GHG accounting protocols and expectations.
- Inform and seek support from key stakeholders of the U.S. dairy industry GHG accounting framework for reporting environmental progress, including toward the 2050 GHG neutrality goal and within the value chain.

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# Challenges and Principles

Topic	Challenge	Principle
<b>Enabling climate action</b>	Current standards present obstacles to showing emission reductions in the value chain and progress toward GHG goals, which risks disincentivizing action.	GHG accounting and reporting standards should enable accelerated reductions and adoption of best practices that support climate action.
<b>Transparency</b>	There are many audiences looking to GHG reporting for various purposes, but the inconsistency and lack of transparency in how carbon offset credits are accounted for within the current standards limits their value.	Transparent reporting should always be a priority and provide recognition of those taking the action leading to emission reductions. Reporting standards should encourage a consistent level of detail, and all parties should get recognition for the work they do.
<b>Complexity</b>	The current array of GHG Protocol standards and associated guidance is complex and confusing to follow. Complexity creates a barrier to entry and participation, which inhibits action and progress.	Standards should be clear and easily applied in practice to ensure compliance can be achieved. Updates to standards should respect and leverage existing mechanisms for measurement, where possible.
<b>Seat at the Table</b>	The agricultural sector was not involved in the development process of many of the standards when they were created. As a result, current standards are less applicable to agriculture, which is both a source and sink of GHG emissions.	Key stakeholders impacted directly by these standards should be consulted in the update process, including representatives from diverse geographies with differing practices and technologies, such as U.S. dairy and other agricultural sectors.

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## Potential Solution: Dual Ledger Accounting

Encourage disclosure and recognition of true GHG reduction through the **actual**, while also reporting **adjusted** emissions (accounting for credits sold outside the value chain) as a standard part of scope 3 (value chain) inventories guided by the GHG Protocol.

This would enable full transparency and consistency behind the origin of GHG reductions, regardless of where the reduction benefit is transacted, ensuring dairy producers are getting credit for the work being done in the value chain.

# SB 253 AND SB 261 RULEMAKING

Katie Davey, Executive Director, Dairy Institute of California





## INFORMAL RULEMAKING

- Information Solicitation: March 2025
- Public Workshop: May 2025





## WORKSHOP AREAS OF FOCUS

- Definition of “Doing Business in California”
  - California’s Revenue and Tax Code Definition:
    - Is organized or commercially domiciled in CA
    - Has more than \$735,019 in sales in CA
    - Owns property in CA worth the lesser of over \$73,052 or 25% of total property
    - Pays more than \$73,052 or 25% of total compensation through CA payroll
- Definition of “Revenue”
  - Proposed defining “revenue” as “gross receipts”
  - Should parent-level revenue include revenue from subsidiaries?
  - Is an alternate definition more appropriate?

- Defining Corporate Relationships: Parent-Subsidiary
  - Definition based on Cap and Trade Program
    - A corporate association exists when one entity has ownership or control of 50% or greater over another entity
- CARB solicited feedback on these main discussion points:
  - Scope 3 emissions
  - SB 261 Implementation: Regulation or Guidance?
  - EU Framework: what works for CA?

## WORKSHOP AREAS OF FOCUS





## FORMAL RULEMAKING

- Unlikely for CARB to meet requirement to adopt implementing regulations by July 1, 2025
- Regulations expected late 2025



# LAWSUIT UPDATE

- US Chamber filed a lawsuit in the US District Court in January 2024
  - Violation of the First Amendment by compelling corporate speech.
- Hearing set for a motion seeking to preliminarily enjoin CARB and the California State Attorney General from implementing, applying or enforcing these laws.
- The court hearing date has been rescheduled several times with a new hearing date scheduled for July 1, 2025.





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## Presenting



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## Platinum



## Hospitality



## Gold



## Silver



## Bronze

