

SFCW 2026

# From Ambition to Action

Building a sustainability program that  
actually works



Greenplaces



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# Meet your speakers



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SFCW Lunch & Learn

# Agenda

## The current landscape

- ❑ The challenge
- ❑ What's legally required
- ❑ The patchwork

## What a unified program looks like

- ❑ What assurance looks like
- ❑ Where assurance meets legal risk
- ❑ A phased approach

## Key takeaways

Q&A 

# The challenge



Mid-market companies - the backbone of the global supply chain - are getting squeezed.



Largest **customers** demanding Scope 3 data to meet their own Net zero targets

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## MID-MARKET COMPANIES

*Often: limited software, no dedicated headcount*

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Increasing trend in **regulatory** demand  
California (SB 253, SB 261), New York (SB S897A), Illinois (HB 4278)



**Investors** viewing carbon as a financial risk

Expectations from customers, investors, regulators are increasing, while internal resources not keeping pace.

This results in a massive capability gap.

- For an expert, it's a **data integrity problem**.
- For a newcomer, it's a **resource problem**. These teams are often being asked to perform complex climate modeling on a spreadsheet- budget with a headcount of one, or zero.

The lesson 🌱: bridge the gap between the increasing external expectations and the stagnant internal resources of the mid-market.

→ If we don't solve the 'squeeze,' we don't solve the supply chain.



# Compliance in the United States



Current

## California SB 253

### WHO

Companies with over \$1B in revenue doing business in California

### WHEN

Phased implementation starting in 2026 (for 2025 data)

### WHAT

Scopes 1, 2, & 3 + third-party assurance

## California SB 261\*

### WHO

Companies with over \$500M in revenue doing business in California

### WHEN

Phased implementation starting in 2026

### WHAT

Bi-annually disclose publicly climate-related financial risks + mitigation strategies

## New York SB S3697A\*\*

### WHO

Companies with over \$500M in revenue with operations in New York

### WHEN

Phased implementation starting in 2025

### WHAT

Bi-annually disclose publicly climate-related financial risks + mitigation strategies

## New York SB S9072A\*\*

### WHO

Companies with over \$1B in revenue doing business in New York

### WHEN

Phased implementation starting in 2027

### WHAT

Scopes 1, 2, & 3 + third-party assurance

## CSRD

### Corporate Sustainability Reporting Directive

### WHO

Non-EU companies with €450M+ EU revenue and an EU subsidiary, branch (€200M+), or listed securities

### WHEN

2025: Existing NFRD filers report on FY2024  
 2028: Large companies (Wave 2) report on FY2027  
 2029: Non-EU parent companies report on FY2028  
 (SMEs are now largely out of scope)

### WHAT

Disclose climate impacts + risks (double materiality), Scope 1, 2 & 3 emissions, and third-party assurance

Upcoming



### Stricter reporting requirements

Upcoming regulations may include more detailed disclosures on climate risks and sustainability initiatives.



### Broader applicability

Future regulations may extend to smaller companies and additional sectors.



### Enhanced verification

Increased emphasis on third-party audits and verification of reported data.

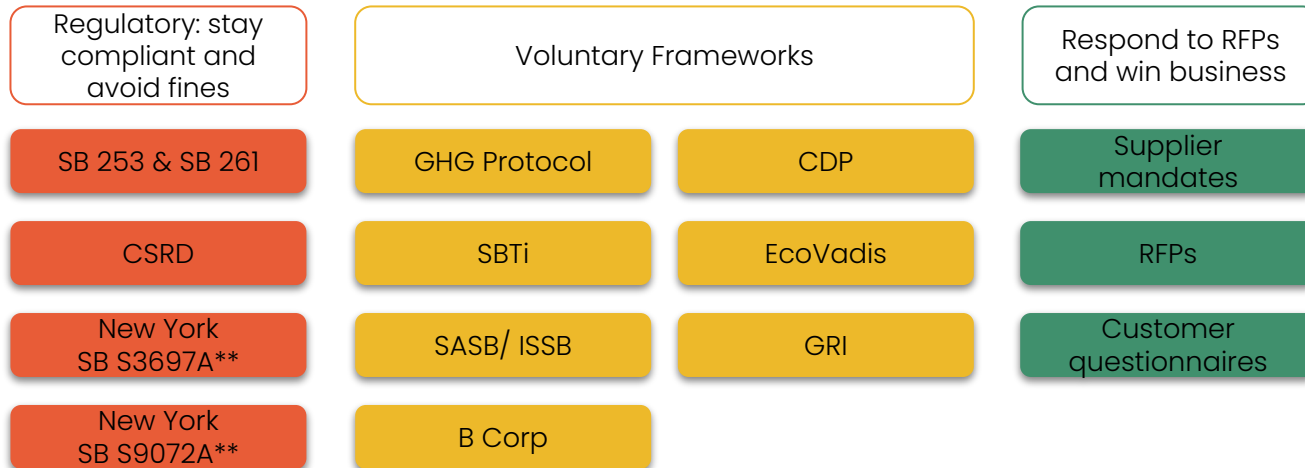
\*on stay, pending review \*\*proposed regulations

# The patchwork



What's mandatory vs. market-driven

How they overlap, where they conflict, and where the real legal risk is.



\*\*proposed regulations

# Greenwashing liability



- FTC's Green Guides frame the core U.S. standard. Environmental claims must be:
  - Clear
  - Specific
  - Quantified where needed
  - Substantiated
- State Attorneys General treat green claims as consumer protection/false advertising. High profile enforcement actions have occurred, especially around recyclability
- Significant civil litigation exposure – plaintiffs focus on claims such as “sustainable,” “recyclable,” “climate neutral,” and “net zero” – with mixed outcomes
- California's new recyclability claims law (SB 343) sharply raises risk for packaging claims:
  - For products + packaging manufactured after 10/4/26, recyclability claims are restricted unless they meet certain criteria
- EU is also tightening the rules materially:
  - Empowering Consumers for the Green Transition Directive (EU) 2024/825
  - Proposed Green Claims Directive



# Why silos don't work



We are in a moment of radical transition. The era of 'isolated' sustainability is over, not because we want it to be, but **because the market won't allow it** anymore.

## PAST

### Sustainability in isolation

Sustainability lives on an island

- Annual report
- Managed by a team that **didn't talk** to Finance or Operations
- Carbon numbers **don't match** financial spend
- **Local CSV files** to track carbon footprints

## PRESENT

### The gap

Isolated sustainability in an era of increased regulatory, client, and investor demand leads to **higher risk** of

- Audit failure
- Regulatory fines

Inefficiency is expensive, but legal risk is existential. **Teams that will win are moving to the future, ahead of their competitors →**

## FUTURE

### Carbon data is financial data

Integrated **climate data is embedded in existing tech stacks**, reducing the potential for regulatory or audit failure

**Teams working in harmony:**

- Procurement buys the energy
- Facilities manages the footprint
- Finance reports it

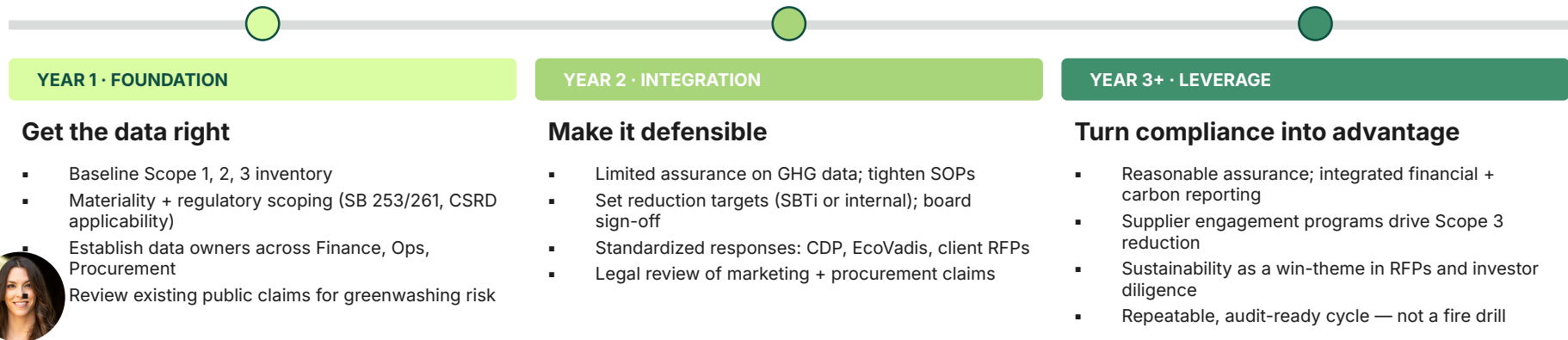


If you are still manually passing CSV files between departments, you are creating 'version control' for your carbon footprint that will not stand up to the scrutiny of the SEC or European CSRD standards.

# What a unified program looks like



## The arc: how a program typically develops over 3+ years



# Why assurance matters



- Why are stakeholders starting to require it?
  - **Investors and Regulators:** Independent third parties can provide an objective, rigorous level of review.
  - **Customers & Supply Chain Partners:** As GHG data calculation methodologies mature and stakeholders look for YoY improvements, there are heightened expectations around the quality and rigor of internal processes as well.
  - **Board & Management:** Transparency regarding calculations and SOPs can help highlight opportunities for efficiencies within a company, improve processes and decision-making, and create stronger internal controls.



# Limited vs. Reasonable Assurance



	Limited Assurance	Reasonable Assurance
<b>Level of Assurance</b>	Moderate level of assurance – provides limited confidence that reported GHG emissions are free from material misstatement	High level of assurance – provides strong confidence that reported GHG emissions are free from material misstatement
<b>Procedures</b>	Analytical reviews, inquiry-based checks, and limited sampling of emission data and calculation methods	Detailed verification of activity data, recalculation of emission estimates, testing of data controls, and evaluation of methodologies
<b>Evidence Obtained</b>	Moderate evidence required; relies on management representations and selective data review	Extensive evidence required; relies on corroborated evidence from source data, meter readings, fuel records, and control documentation



# What assurance looks like in practice



- The level of assurance informs the design of procedures.
- Common standards include ISO 14064-3, AICPA, ISSA 5000
- **Readiness** is what would be considered part of Planning procedures for Verification
  - Strategic Analysis
  - Risk Assessment considering elements including completeness, accuracy, and classification
  - Evaluation of data management systems and controls



# Setting up for success



## Focus areas:

### Data Collection & Management Systems:

- Organization of internal company data tracking
  - Include: type of facility, emissions sources, fuel types, etc. in one document (internal records separate from platform exports)
- Clear definition of processes for data collection and reporting (SOPs)
- Inventory Management Plan (IMP)
- Transparency around Emission Factor (EF) sources and calculations
- Documented trainings for continuity in the event of employee turnover

### Internal Controls & QA/QC:

- Quality checks with defined and separate Data Owners and Reviewers
- Address completeness of GHG inventory through cross-referencing financial statements
- Maintain audit trails linking source data



# Beyond GHG: assurance over ESG Data



Regulations such as **CSRD in the EU and ASRS in Australia** require assurance more broadly

Some investors require assurance over sustainability data in their portfolio company's public-facing Impact, ESG, or Annual Reports

What are the implications of this in terms of rigor around data collection, calculation, and reporting for environmental, social and governance data?

- Expectations for quality, completeness and accuracy of GHG data, are **extending to Governance, Strategy, Risk Management, Metrics & Targets** for climate- and sustainability-related data
- SOPs and role and responsibility definitions for data collection and management for Finance, HR, IT, Legal, Operations, Procurement



# Where assurance meets legal risk



- Assurance as a risk mitigation tactic
  - Risks exist when publishing reports containing complete or inaccurate data from disparate sources in an organization
  - Misstatements can become a value detractor & reputational risk area
- Example - CA SB 253:

	<b>Begin Measuring</b>	<b>Begin Reporting</b>	<b>Limited Assurance</b>	<b>Reasonable Assurance</b>
<b>Scope 1</b>	2025	2026	2026	2030
<b>Scope 2</b>	2025	2026	2026	2030
<b>Scope 3</b>	2026	2027	2030	Unknown



# Phased approach: start where you are



You don't need a full sustainability team to get moving.

## Phase 1

**Baseline + quick wins**

Understand your company's goals and focus there

## Phase 2

**Measurement infrastructure**

Build internal buy-in to support measurement and data infrastructure

## Phase 3

**Assurance Readiness**

Bolster data accuracy by driving toward assurance with clear controls and measures



# Legal guardrails at each phase



- Create a true partnership between legal + sustainability functions through cross-functional committees, etc.
  - Align early on risk thresholds and standard language for recurring claims
  - Move from “legal review at the end” to embedded collaboration throughout drafting
- Establish clear internal standards aligned with frameworks like the FTC’s Green Guides
  - Avoid vague or absolute claims unless clearly defined AND substantiated
- Maintain contemporaneous substantiation files for all public claims (ensure audit trail readiness!)
- Design disclosures that inform without overexposing
- Apply a litigation lens to all external statements
  - Pay particular attention to marketing versus disclosure inconsistencies
  - Stress test your statements
- Operationalize through controls (approval workflows, etc.) and training of commercial, marketing and IR teams



# Key takeaways



## The consolidation imperative

Stop managing sustainability frameworks and the patchwork of legal requirements in silos and **integrate your sustainability efforts into a single source of truth** using the right tools and advisory support.

## Credibility through data

Third-party assurance and rigorous emissions accounting are becoming **non-negotiable for stakeholder trust**.

## Start where you are

Follow our practical, phased approach for mid-market companies to **build or strengthen a sustainability program today while minimizing legal risk**, even without a dedicated sustainability team.



# Q&A



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related resources.



### **Download our GHG Assurance Readiness Worksheet**

Use this quick reference to guide  
your efforts as you prepare for  
third-party review of GHG and ESG  
statements.