

California's New Climate Disclosure Framework

An Overview for Businesses

In 2023, the California Legislature passed, and Gov. Gavin Newsom signed into law, the **Climate Corporate Data Accountability Act** ([SB 253](#) by Sen. Scott Wiener) and the **Climate-Related Financial Risk Disclosure Act** ([SB 261](#) by Sen. Henry Stern). Together, the two laws will require corporate emissions data and climate-related risk

disclosures from large companies. Both laws cover public and private companies and will serve as critical complements to the pending U.S. Securities and Exchange Commission climate disclosure rule, which will only apply to publicly traded corporations.

Understanding the 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.

Understanding the Climate-Related Risk Disclosure Act (SB 261)

WHAT: The [Climate-Related Risk Disclosure Act \(SB 261\)](#) will require U.S. 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.

Corporate Support for California's Disclosure Policies

Climate disclosures bring critical information to investors, consumers, workers, and others who want to understand how companies are managing the severe business, financial, and economic risks of climate change. **But SB 253 and SB 261 also had meaningful support from businesses themselves.**

That's because leading companies recognize that this information is important to their stakeholders, it helps them manage risk, and in many cases, they are already reporting it voluntarily.

A standardized, consistent, and economywide disclosure framework is a major business opportunity for companies to showcase their leadership and efforts.

More than 30 major businesses, institutions, and trade associations spoke out to support at least one of the two bills, including **Adobe, American Apparel & Footwear Association, Apple, Dignity Health, Google, IKEA USA, Microsoft, Palo Alto Networks, Recology, REI Co-op, Salesforce, and Sierra Nevada Brewing.**



What's Next

Ceres applauds the leadership of the California Legislature and Gov. Newsom for passing and signing these first-in-the-nation climate disclosure policies. We look forward to working with CARB and the Newsom Administration to ensure that both bills go into effect as written and on schedule. Continued engagement by leading companies with regulators, lawmakers, and the Governor's office will be critical as CARB's regulatory process begins, these policies are implemented, and potential follow-up legislation is introduced and considered.

Please contact Ceres for more information and to learn how to engage:

- [Jake Rascoff](#) for questions and next steps regarding CARB's implementation process.
- [Sarah Sachs](#) for questions and next steps regarding the legislative process.

More Resources

[Click here](#) for a more detailed overview of the two laws.

Read letters of company support for [SB 253](#) and [SB 261](#).

[Read Ceres CEO Mindy Lubber's perspective](#) on the importance of this legislation.

[Explore our work](#) on the SEC's pending federal climate disclosure policy.