

NAVIGATING CALIFORNIA CLIMATE LAWS SB 253 AND SB 261 FOR COMPLIANCE AND BEYOND

California continues to lead with bold action to address the risks of climate change. Its latest climate disclosure laws — Senate Bill (SB) 253 and SB 261 — introduce mandatory reporting requirements that may affect a wide range of businesses operating in the state. As implementation guidance evolves, many organizations are seeking clarity about applicability, timelines and disclosure standards. *That's where Weaver can help.*

UNDERSTANDING THE LAWS

California passed SB 253 and SB 261 to increase transparency around corporate climate impact and climate-related financial risk. Together, these laws establish a mandatory reporting structure that applies to both public and private companies doing business in the state, regardless of where they're headquartered.



SB 253 Climate Corporate Data Accountability Act

- ▶ Applies to U.S. businesses with annual revenue over \$1 billion that are “doing business in California”
- ▶ Requires disclosure of Scope 1, Scope 2 and eventually Scope 3 greenhouse gas (GHG) emissions
- ▶ Reporting begins in 2026 for FY 2025 data, with limited assurance required by 2027



SB 261 Climate-Related Financial Risk Disclosure Act

- ▶ Applies to U.S. businesses with annual revenue over \$500 million “doing business in California”
- ▶ Requires disclosure of climate-related financial risks and the measures taken to manage them
- ▶ First report due in 2026

WEAVER IS HERE TO HELP

California's climate laws are raising the bar — is your business ready? Weaver can help you meet the requirements of SB 253 and SB 261 through tailored strategies, reliable reporting and practical guidance every step of the way

ASHLY PLEASANT, CCIM
DIRECTOR
SUSTAINABILITY SERVICES
O: 972-448-6911
ASHLY.PLEASANT@WEAVER.COM

ALYSSA MARTIN, CPA
NATIONAL STRATEGY LEADER
O: 972-448-6975
ALYSSA.MARTIN@WEAVER.COM

DEFINITIONS: “DOING BUSINESS IN CALIFORNIA” AND “REVENUE”

The California Air Resources Board (CARB) has not yet finalized what qualifies as “doing business in the state” and how revenue thresholds will be measured. In the meantime, companies should assess their sales, payroll and physical presence in California for potential exposure and be ready to act once definitions are confirmed.

Definition of “Doing Business in California”

- ▶ Still under review by CARB
- ▶ May align with California Revenue and Tax Code Section 23101, which defines “doing business as”:
 - » Sales in California above ~\$690,000
 - » Property or payroll in California above certain thresholds
 - » Any active business transactions in the state
- ▶ The definition could capture national and global companies with limited physical presence in-state

Definition of “Revenue”

- ▶ Thresholds are set at \$1 billion for SB 253 and \$500 million for SB 261
- ▶ CARB has not yet clarified how revenue should be calculated, including whether it should follow:
 - » Generally Accepted Accounting Principles (GAAP), International Financial Reporting Standards (IFRS) or tax filings
 - » Domestic or global revenue
 - » If intercompany eliminations are required

WHAT MUST BE REPORTED: GHG EMISSIONS

For companies just getting started, the critical first step is establishing a reliable emissions baseline and repeatable measurement processes. Accurate data forms the foundation for reporting, enabling meaningful emissions-reduction strategies over time.

- ▶ SB 253 follows the GHG Protocol framework:
 - » **Scope 1:** Direct emissions (e.g., company-owned vehicles, on-site fuel combustion)
 - » **Scope 2:** Indirect emissions from purchased electricity
 - » **Scope 3:** All other indirect emissions (e.g., supply chain, employee travel, product use)
- ▶ Disclosures must be made publicly and through a CARB-hosted digital platform
- ▶ Limited assurance is required starting in 2027, with reasonable assurance beginning in 2030

CLIMATE RISK DISCLOSURES: WHAT’S REQUIRED AND WHY IT MATTERS

SB 261 focuses on how climate change affects your business model, not just your environmental footprint. Disclosures must align with TCFD (Task Force on Climate-Related Financial Disclosures) and address both risks and the strategies used to manage them:

- ▶ **Governance:** Board and management oversight roles and responsibilities
- ▶ **Strategy:** Short-, medium- and long-term climate risks, including physical and transition risks
- ▶ **Risk Management:** Processes for identifying, assessing and managing climate-related risks
- ▶ **Metrics and Targets:** Quantitative measures used to monitor climate risks and opportunities

TURN COMPLIANCE INTO VALUE

SB 253 and SB 261 extend beyond compliance. The data generated through climate disclosures can strengthen operations, increase stakeholder confidence and help position your company for future regulatory shifts. Strategic opportunities include:

- ▶ Increased investor confidence through greater transparency
- ▶ Operational insights that drive cost savings
- ▶ Competitive advantage by proactively managing climate-related risks
- ▶ Future readiness as other states, like New York, Illinois and Washington, introduce similar legislation.