

LANGAN

Regulatory Update

California Climate Disclosure Rule Updates

October 2025



WHAT YOU NEED TO KNOW

California is moving forward with the implementation of two new climate disclosure laws: the Corporate Climate Data Accountability Act (SB 253) and the Climate-related Financial Risk Act (SB 261). These laws will require companies doing business in California to start reporting on January 1, 2026.

The California Air Resources Board (CARB) recently released several updates on the implementation of these regulations as part of a series of ongoing public workshops. Key updates from the most recent workshop, held on August 21, 2025, include:

- Updated Revenue Definition: CARB is considering defining revenue as the total global amount of money a company receives from its business activities, such as selling or providing services, instead of total gross receipts as originally proposed.
- Updated Definition of “Doing Business in California”: CARB is considering the use of being listed on the California Secretary of State’s business entity database as a more actionable definition of “doing business in California.” This replaces the originally proposed definition, which was based on the state’s Revenue and Taxation Code.

Based on these updated definitions, CARB released a [preliminary list](#) of approximately 2,600 companies impacted by SB 253 and 4,200 companies impacted by SB 261. CARB has stated that this list is only intended for program fee calculations and should not be treated as the final authority on coverage. Companies should independently assess whether they meet the reporting criteria and submit their report regardless of whether they appear on the list.

The workshop also provided updates on reporting requirements and deadlines specific to each law, which are outlined below.

SB 253 – Corporate Climate Data Accountability Act

Eligibility:

- Companies with total annual revenues exceeding \$1 billion that do business in California.

Reporting Requirements:

- Annual reporting for Scope 1 and 2 begins in 2026 for fiscal year 2025 data.
- Limited assurance on Scope 1 and 2 emissions data is required through 2029. Reasonable assurance will be required starting in 2030.

- Scope 3 emissions reporting begins with 2026 data, due in 2027. CARB has not yet finalized reporting or assurance requirements for Scope 3.
 - CARB has proposed an annual flat fee of \$3,106 per company. This is subject to adjustments based on inflation, the number of companies participating in the program, and final program implementation costs.
- Companies will need to submit their GHG emissions [following a template provided by CARB](#). A draft version of this template and reporting guidance were posted on the CARB website on 10/10/2025 and may be modified following a public comment period.

Deadlines:

- CARB is considering a June 30, 2026, deadline for fiscal year 2025 Scope 1 and Scope 2 reporting.

Enforcement:

- Civil penalties for non-compliance may be up to \$500,000 per year, with no penalties in 2026 if companies show a “good faith effort” in preparing disclosures.

SB 261 – Climate-related Financial Risk Act

Eligibility:

- Companies with revenues of \$500 million or more that operate in California.

Reporting Requirements:

Companies must disclose climate-related financial risks every two years, based on TCFD, IFRS S2, or other applicable frameworks. Reports must describe steps the company will take to adapt to or respond to identified risks and be posted on a publicly accessible section of the company’s own website, with the link location posted to CARB’s public docket. If a parent company files a consolidated report covering subsidiaries, those subsidiaries are not required to submit separate reports.

Each report should include:

- Governance: Management and board oversight of climate-related risks.
- Strategy: Risks and opportunities over short, medium, and long term, impacts on operations and financial planning, and resilience under climate scenarios (qualitative discussion acceptable).
- Risk Management: Processes to identify, assess, and manage climate-related risks and integration into overall risk management.
- Metrics and Targets: Metrics and targets assess and manage material climate-related risks and opportunities. Including Scope 1, 2, or 3 emissions is not a minimum requirement for the initial SB 261 reporting period.

Reports should also state the chosen framework and identify which recommendations are included or omitted, with reasons and plans for future disclosures.

Deadlines:

- Initial reports are due by January 1, 2026, with updates every two years.
- CARB will open the public docket on December 1, 2025, and keep it open through July 1, 2026, for companies to post the location of their public report links.

What Should Companies Do Now?

If your company operates in California and meets the proposed requirements, now is a good opportunity to assess your organization’s capacity for tracking and reporting GHG emissions and climate-related risks. Early preparation will make compliance easy once the deadlines arrive.

If you would like to discuss how these regulations might impact your operations, please contact your Langan Project Manager or:



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