



Labrador Transparency

# California Climate Disclosure Rules Cheat Sheet

August 2025



# Background

California has long been a leader in environmental regulation, and its enactment of three climate disclosure rules reflects the state's commitment to combating climate change and promoting sustainable practices. Senate Bill (SB) 253, SB 261, and Assembly Bill (AB) 1305 are designed to enhance transparency and accountability among corporations regarding their greenhouse gas (GHG) emissions and climate-related financial risks.

## California's Climate Disclosure Rules

- [SB \(Senate Bill\) 253 Climate Corporate Data Accountability Act](#)
- [SB 261 Greenhouse gases: Climate-related Financial Risk](#)
- [AB \(Assembly Bill\) 1305 Voluntary Carbon Market Disclosures](#)

The rules were signed into law in October 2023. While the California Air Resources Board (CARB)\* implements and enforces SB 253 and SB 261, the California Attorney General and other legal entities like district attorneys, county counsels, and city attorneys oversee AB 1305. All three rules are applicable to both public and private entities.

In September 2024, [SB 219 Greenhouse Gases: Climate Corporate Accountability: Climate-related Financial Risk](#) was passed, amending SB 253 and SB 261. This act provides more flexibility to companies in certain areas like not requiring a filing fee at the time of submission (the timing can be determined separately) and allowing parent-level consolidation of GHG emissions reporting so subsidiaries do not need separate filings.

This document offers a high-level comparison of the CA climate rules to other climate reporting regulations and voluntary frameworks to show high-level alignments and differences.

\* CARB (California Air Resources Board) is California's lead agency for climate change programs, overseeing all air pollution control efforts in California and catalyzing progress on greenhouse gas reduction and clean transportation.

# Overview and Comparisons

## SB 253 Climate Corporate Data Accountability Act

This rule requires entities to publicly disclose their Scope 1, 2 and 3 greenhouse gas emissions. Disclosure should be easily understandable while considering structural changes within the entity (M&As, divestments, etc.).

### Timeline

- Scope 1 and Scope 2 GHG emissions disclosures starting in 2026 (exact date to be announced) and annually thereafter
- Scope 3 GHG emissions disclosures starting January 2027 and annually thereafter.

## SB 261 Greenhouse Gases: Climate-related Financial Risk

This rule requires entities to publicly disclose climate-related financial risk reports that also include information on measures companies have adopted to reduce and adapt to these risks.

### Timeline

- Climate-related financial risk report is required to be produced and published on the entity's website starting on or before January 1, 2026, and biennially thereafter. According to [CARB's July 2025 FAQ](#), "it is reasonable to expect that initial climate-related financial risk reports submitted by January 1, 2026, may cover fiscal years (FY) 2023/2024 or FY 2024/2025 depending on the organization."
- CARB will post a public docket for covered entities to post the public link to their first climate-related financial risk report. This docket will remain open from December 1, 2025 to July 1, 2026.

## Comparison of SB 253 and SB 261 to CSRD, IFRS S2 and GRI

Key Elements	SB 253 (Health and Safety Code § 38532)	SB 261 (Health and Safety Code § 38533)	ESRS E1 (CSRD) <sup>1</sup>	IFRS S2	GRI 102: Climate Change 2025
<b>In-Scope Entities (US only)</b>	Entities who do business in California (proposed CA Franchise Tax Board definition), with a total annual revenue > USD \$1B	Entities who do business in California (proposed CA Franchise Tax Board definition), with a total annual revenue > USD \$500M	Non-EU companies with > €450M net turnover generated in the EU  Branch with €50 million net turnover  Subsidiary that qualifies as a “large undertaking,” exceeds at least two of the following: (1) €25M balance sheet, (2) €50M turnover, and (3) 1,000 employees on average	Voluntary, until mandated by a jurisdiction  Over 35 jurisdictions currently adopting plus additional country-specific requirements: Canada, Australia, Japan, Brazil, etc.	Voluntary, universally applicable to all organizations  Must transition to new GRI climate and energy topic standards after Jan 1, 2027
<b>Reporting Requirements (Climate-focused)</b>	Starting in 2026: Scope 1 and 2 GHG emissions from prior fiscal year and in conformance with the GHG Protocol  Starting in 2027: Scope 3 GHG emission from prior fiscal year and in accordance with the GHG Protocol	By Jan 1, 2026, and biennially thereafter: Climate-related financial risks <sup>2</sup> and mitigation and adaptation measures report in conformance with TCFD or IFRS S2	Starting in 2028 (FY27 data): Public disclosures of Scope 1, 2, 3 GHG emissions and emissions intensity  Climate-related governance; policies; impacts, risks and opportunities, including current and anticipated financial effects; metrics and targets	Scope 1, 2, 3 emissions based on GHG Protocol  Climate-related governance; physical and transition risks, opportunities, and their effects on financial performance; metrics and targets  Align climate data with fiscal year data	Scope 1, 2, 3 emissions based on GHG Protocol  GHG emissions intensity  Just transition; transition and adaptation plans  GHG emissions reduction targets and progress  GHG removals along the value chain  Carbon credits
<b>Reporting Location</b>	Publicly accessible digital platform, created by the state or other organization contracted by the state	Climate-related financial risk report must be made available on the entity's website with public link added to CARB public docket	Requires integrated reporting – sustainability disclosures following the ESRS are to be combined with financial disclosures in a single report.	Requires disclosures as part of an entity's general purpose financial reports  In US, disclosures in sustainability report, climate report and/or website	Usually present in a company's sustainability report, climate report and/or website
<b>Assurance/ Verification Level</b>	Limited assurance level for Scope 1 and Scope 2 emissions beginning in 2026, and reasonable assurance level beginning in 2030.  Limited assurance level for Scope 3 emissions beginning in 2030.	A description of GHG emissions and voluntary mitigation of GHG emissions in the report needs to be verified by third-party.	Requires limited assurance done by independent third-party verifier for all reporting	Not required in the US, might be required under other jurisdictions	Not required, external assurance encouraged
<b>Penalty</b>	CARB will be looking for “good faith efforts”  Administrative penalties < USD \$500,000 per reporting year, resulting from non-filing, late filing or other violations.	CARB will be looking for “good faith efforts”  Administrative penalties < USD \$50,000 per reporting year, resulting from a failure to prepare and publish the report on the entity's website.	Based on EU member state, but could include hefty fines, public denunciation or jail time	N/A	N/A

1 ESRS E1 is currently being refined by EFRAG and therefore subject to change as part of the [EU's Omnibus package](#). As a result, this information could change.

2 Material risk of harm to immediate and long-term financial outcomes due to physical and transition risks, including, but not limited to, risks to corporate operations, provision of goods and services, supply chains, employee health and safety, capital and financial investments, institutional investments, financial standing of loan recipients and borrowers, shareholder value, consumer demand, and financial markets and economic health.

# AB 1305 Voluntary Carbon Markets Disclosures

This rule aims to create greater transparency in the sale, purchase and use of voluntary carbon offsets (VCOs). It lists requirements for three groups of entities to disclose information related to the purchasing, marketing or selling of VCOs in the state of California.

## Timeline and Oversight

- First disclosure was due on January 1, 2025. Disclosures should be updated annually thereafter.
- Unlike SB 253 and SB 261, AB 1305 is not overseen by CARB. AB 1305 falls under the enforcement authority of the California Attorney General and other legal entities like district attorneys, county counsels, or city attorneys.

Key Elements	AB 1305	ESRS E1 (CSRD)	IFRS S2	GRI 102: Climate Change 2025
<b>In-Scope Entities (US only)</b>	Entities who: <ol style="list-style-type: none"> <li>1. Market or sell VCOs in California</li> <li>2. Purchase or use VCOs in California to make net-zero or carbon-neutrality claims or other climate-related claims</li> <li>3. Operate in California and make net-zero or carbon-neutrality claims or other climate-related claims</li> </ol>	Non-EU companies with > €450M net turnover generated in the EU  Branch with €50 million net turnover  Subsidiary that qualifies as a "large undertaking," exceeds at least two of the following: (1) €25M balance sheet, (2) €50M turnover, and (3) 1,000 employees on average	Voluntary, until mandated by a jurisdiction  Remains voluntary in US	Voluntary, universally applicable to all organizations
<b>Reporting Requirements (Climate-focused)</b>	<ol style="list-style-type: none"> <li>1. Disclose details regarding the applicable carbon offset project – offset project type (carbon removal or avoided emission), site location, timeline, carbon removed etc.</li> <li>2. Disclose information pertaining to each project – VCO selling entity, project identification details, offset project type etc.</li> <li>3. Disclose information documenting methodology, accuracy and progress of claims</li> </ol>	GHG removals from projects within an entity's own value chain  GHG mitigation projects outside the entity's value chain, financed through carbon credits	Disclose the entity's planned use of carbon credits to offset GHG emissions to achieve any net GHG emissions target, type of project (carbon reduction or removal)	Disclosure of total amount of carbon credits cancelled and a breakdown of removal or reduction projects  For each project, report details such as project name, ID, type, and impacts on people and environment
<b>Reporting Location</b>	Relevant disclosures to be published on the entity's website	Requires integrated reporting – sustainability disclosures following the ESRS are to be combined with financial disclosures in a single report	Requires disclosures as part of an entity's general purpose financial reports  In US, disclosures in sustainability report, climate report and/or website	Usually present in a company's sustainability report or website
<b>Assurance/ Verification Level</b>	Independent third-party verification of company data and claims, if available	Requires limited assurance for all reporting, reasonable assurance from October 2028  Third-party independent verification	Not required in the US, might be required under other jurisdictions	Not required, external assurance encouraged
<b>Penalty</b>	A civil penalty not exceeding USD \$2,500 per day for each day that information is unavailable or inaccurate on the website  For each violation, the civil penalty will not exceed USD \$500,000	Based on EU member state, but could include hefty fines, public denunciation or jail time	N/A	N/A





## Labrador Transparency

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