



The Impact of California's Climate Accountability Package on Environmental Reporting: What It Means for Your Business



Updated on: November 5, 2025

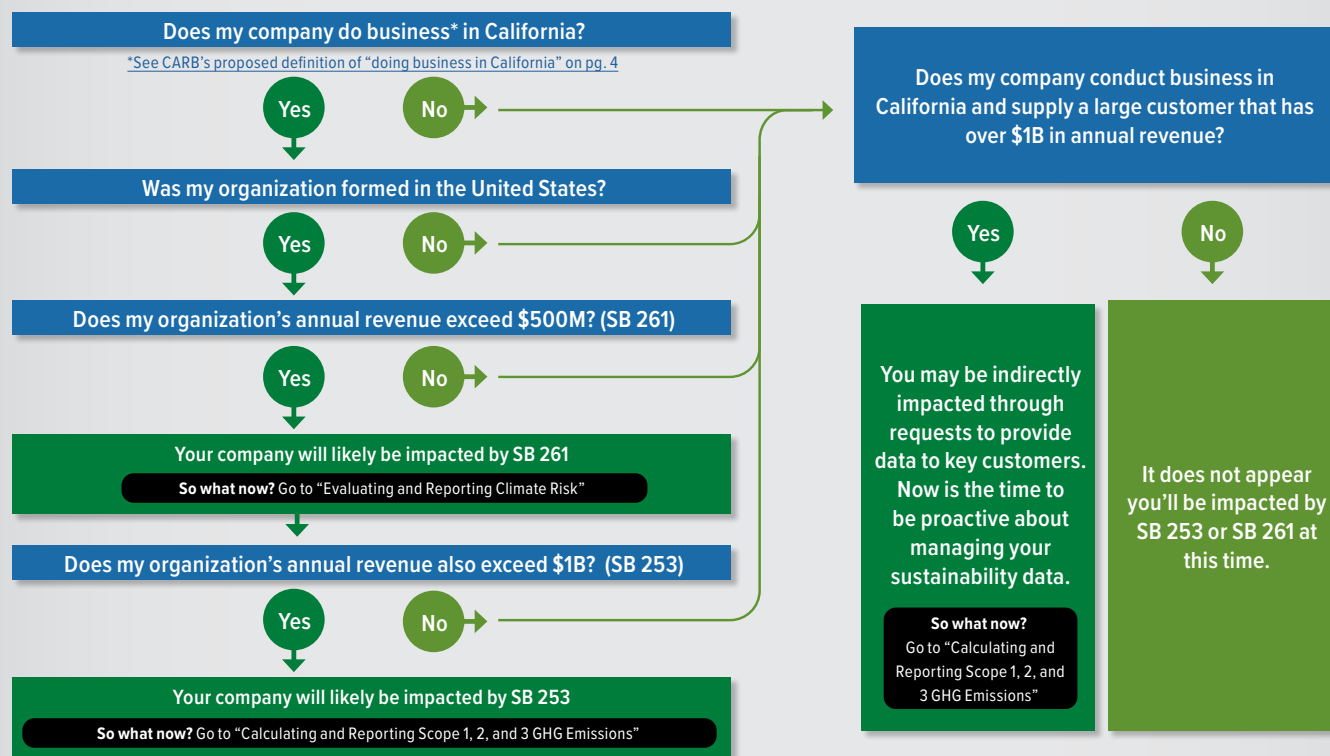
WE ARE
FOOD
&
AG



Executive Summary

In October 2023, California Gov. Gavin Newsom signed two new bills into law, known as the “California Climate Accountability Package,” which will set a new standard for corporate transparency on greenhouse gas (GHG) emissions and climate risk. As it currently stands, Senate Bill 253 (SB 253) and Senate Bill (SB 261) will require companies doing business in California over certain revenue thresholds to start reporting their GHG emissions and climate-related financial risk as soon as 2026.

Does the CA Climate Accountability Package apply to your company?



Early Steps

It's important for those affected by the bills to take proactive steps to incorporate climate considerations into their governance and risk management strategies. The following are some early recommendations as the California Air Resources Board (CARB) continues to prepare the regulatory framework to measure and enforce these laws.

STEP 1: Evaluate industry-specific and climate-related disclosures under existing standards.



STEP 2: Identify gaps between current internal control and data governance systems, and new regulatory requirements.

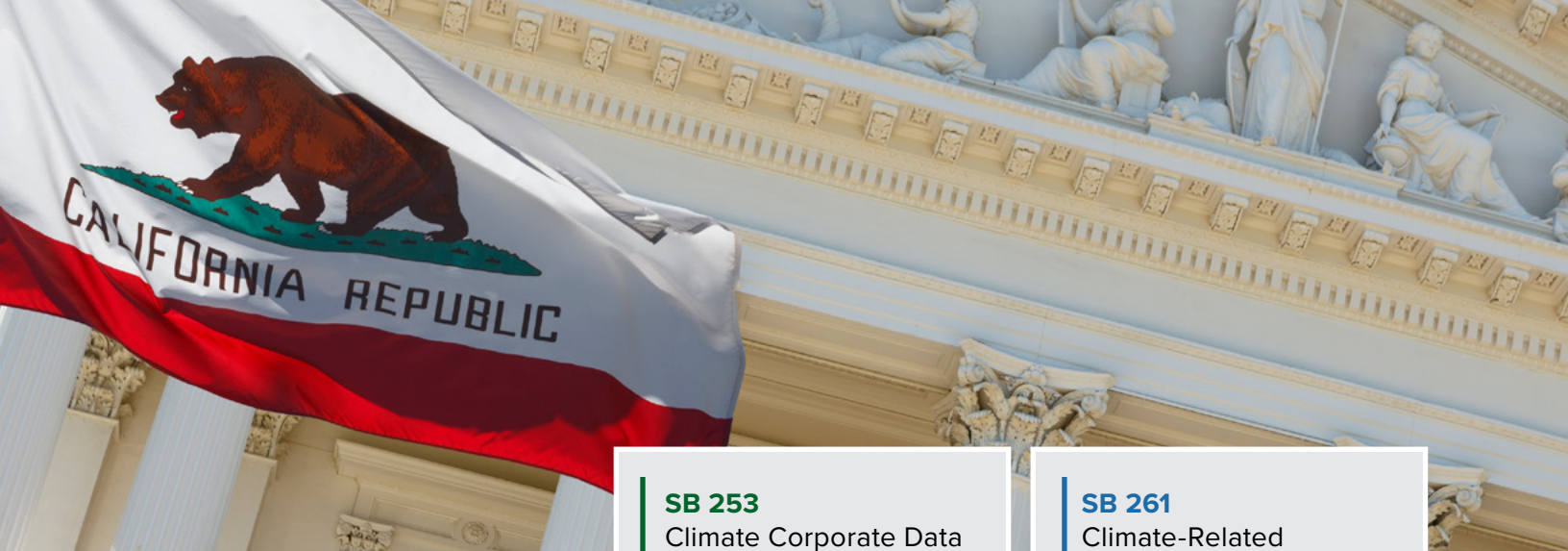


STEP 3: Discuss data requirements with owners, relevant stakeholders, and leadership.



STEP 4: Train and inform relevant team members at all levels to develop a preparedness strategy.





SB 253

Climate Corporate Data
Accountability Act
(CCDAA)



SB 261

Climate-Related
Financial Risk Act
(CRFRA)





Introduction

On October 7, 2023, California Gov. Gavin Newsom signed two new bills into law, known as the “California Climate Accountability Package,” which will set a new standard for corporate transparency on greenhouse gas (GHG) emissions and climate risk. As it currently stands, Senate Bill 253 (SB 253) and Senate Bill (SB 261) will require companies doing business in California over certain revenue thresholds to start reporting their GHG emissions and climate-related financial risk as soon as 2026. These new bills apply to both private and publicly held companies. Companies under the revenue thresholds may also be impacted as their customers may need to collect additional information from them to assist with reporting under the new bills.

The California Air Resources Board (CARB) has been tasked with developing the regulatory framework for applying these new laws, and exactly how these regulations will be implemented is not fully known at this time. The following report breaks down which companies will be required to report, the implications of these bills, their effective dates, and how they align with global climate disclosure standards.

Comparison: CCDAA vs. CRFRA

	SB 253: Climate Corporate Data Accountability Act (CCDAA) 	SB 261: Climate-Related Financial Risk Act (CRFRA) 
Who?	Companies with annual revenues over \$1 billion and “doing business in California” *See CARB’s proposed definition of “doing business in California” on pg. 4	Companies with annual revenues over \$500 million and “doing business in California”
What and when?	2026 – Scope 1 and 2 GHG emissions with limited assurance; annually thereafter 2027 – Scope 3 GHG emissions; annually thereafter 2030 – Scope 1 and 2 GHG emissions with reasonable assurance; potentially scope 3 GHG emissions with limited assurance	2026 – Climate-related financial risks and measures adopted to reduce and adapt to these risks in accordance with the TCFD or IFRS framework; every two years thereafter
How?	Report to an “emissions reporting organization” established by the state	Prepare and publish a publicly available report on company’s website



Summary of Bills

SB 253: Climate Corporate Data Accountability Act (CCDAA)

This bill will require companies that are doing business in California with annual revenues exceeding \$1 billion to report their GHG emissions annually. According to CARB's interim guidance, "doing business in California," means that a company is either legally based/headquartered in California or has sales in California that exceed \$735,019 (2024 threshold, adjusted for inflation each year), including sales through agents or contractors. California is also using the CA Secretary of State business entity registry as an indication of "doing business in California" (see [Preliminary List of Covered Entities](#)).

By 2026, companies that meet the above criteria will be required to report both their direct emissions and emissions from purchased energy (scope 1 and 2) for the 2025 reporting period. By 2027, they will also be required to report supply chain emissions (scope 3) for the 2026 reporting period. Although these laws will not require companies that meet the above criteria to collect data from all their suppliers, it could increase the number of GHG emissions data requests that suppliers to these companies receive. See more about supplier impacts below.

Under this bill, companies will be required to report their GHG emissions publicly via a web portal. If they fail to report their emissions, companies will face fines of up to \$500,000 per year.

The bill also requires reporting entities to obtain an assurance engagement performed by an independent third-party assurance provider of the entity's public disclosure. For scope 1 and 2 emissions data, the assurance engagement will be performed at a limited assurance level starting in 2026 and at a reasonable assurance level beginning in 2030. For scope 3, CARB may decide to require limited assurance by 2030, but that has not been confirmed at this time.

CARB [provided notice](#) in October 2025 that it plans to complete its rulemaking in Q1 2026. Despite this extension beyond the original rulemaking timelines provided, the deadline for reporting scope 1 and 2 GHG emissions remains unchanged.

SB 261 Climate-Related Financial Risk Act (CRFRA)

This bill will require companies that are doing business in California with annual revenues over \$500 million to report their climate-related financial risks and measures adopted to reduce and adapt to climate-related financial risks every two years. "Doing business in California" follows the same definition provided by CARB for SB 253, above.

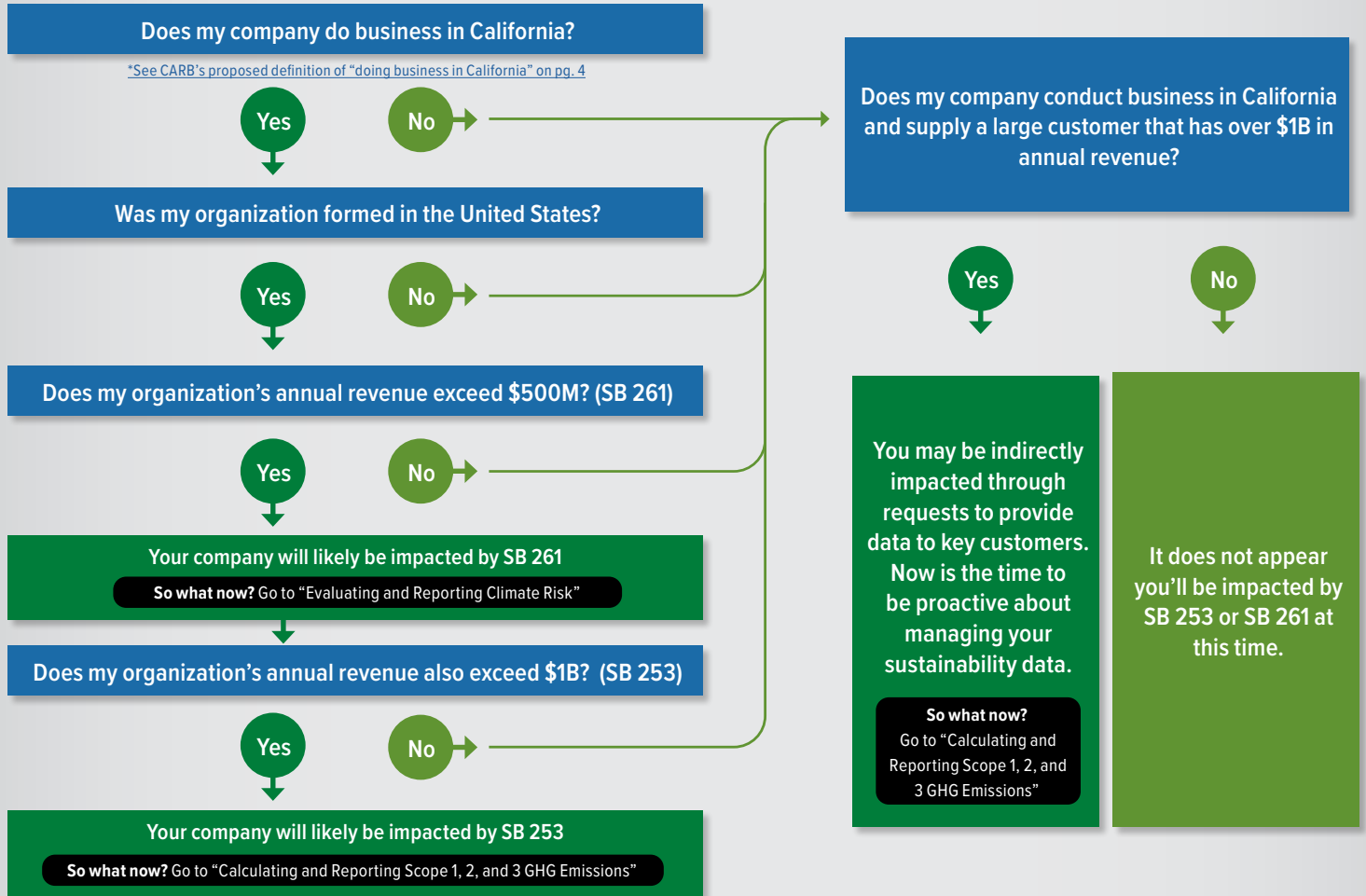
To avoid duplicative reporting requirements, the CRFRA will require reporting aligned with leading global frameworks for evaluating climate risk, including the [Task Force on Climate-Related Financial Disclosures \(TCFD\)](#) and the [IFRS climate disclosure standards](#).

For most companies, their first report must be published on their website by January 1, 2026. However, companies subject to regulation by the California Department of Insurance, or companies that are in the business of insurance in any other state, will be excluded from having to report. Additionally, if a company is already reporting publicly using TCFD or IFRS standards, it can utilize that report for SB 261 so long as the disclosure meets the minimum CARB requirements for disclosure. If a company is unable to complete the reporting consistent with the minimum CARB requirements for disclosure, they must complete the report using the best available data. CARB will consider "good faith measures" to comply and when those measures were taken as part of its enforcement discretion in considering penalties for reporting violations.



Creating a Plan for Action

Does the CA Climate Accountability Package apply to your company?



How to Prepare for GHG Reporting

1 Determine GHG reporting requirements

- Which climate-related regulations apply to your company?
- Which stakeholders (customers, investors, etc.) are requesting GHG data?

Tip: The flowchart on page 5 is a helpful guide to determine your organization's GHG reporting requirements.

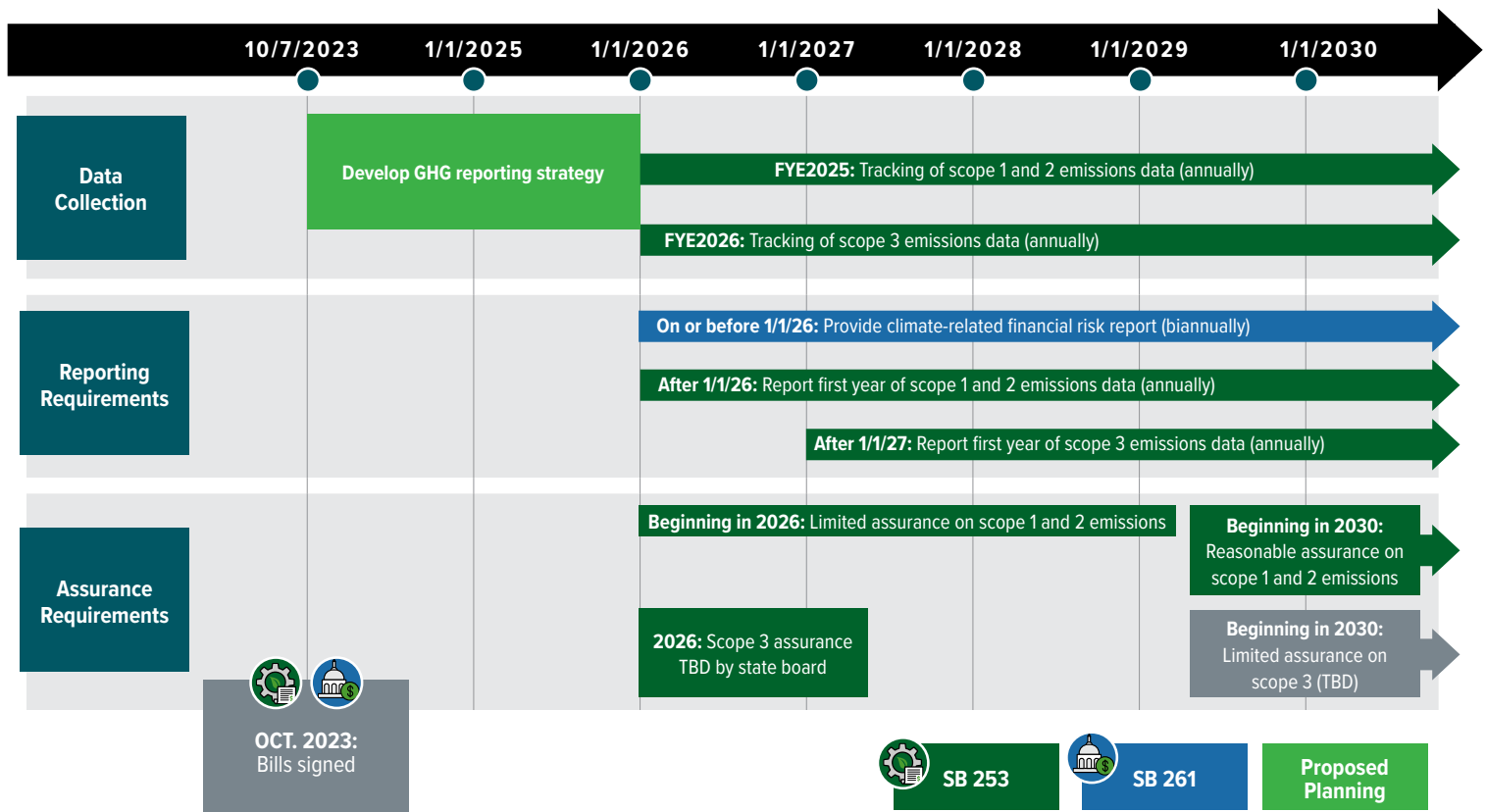
2 Develop a GHG strategy or roadmap

- Who will lead this effort? Who needs to be involved?
- What data does your company need to report?
- Where are disclosures and data reported?
- When does this information need to be provided?

3 Anticipate long-term needs and holistic planning

- For GHG inventory development, how can you develop documentation to be “audit-ready”?
- For climate related risk assessment, how can you leverage existing, boarder strategic planning for business risks and opportunities?

Timeline





Complying with SB 253: Calculating and Reporting Scope 1 and 2 GHG Emissions

What are Scope 1 and 2 Emissions

Scope 1 and 2 GHG emissions are categories of emissions that reflect the direct and indirect impact of a company's activities on the climate. Scope 1 emissions are direct emissions from sources that are owned or controlled by the company, such as fuel combustion in boilers, furnaces, vehicles, or refrigeration systems. For agricultural producers, scope 1 also includes any land-based emissions from agricultural production. Scope 2 emissions are indirect emissions from the generation of electricity, steam, heat, or cooling that the company purchases and consumes.

How to Calculate

To calculate scope 1 and 2 emissions, a company collects data on the amount and type of fuel used in its operations, as well as the amount used and source of electricity, steam, heat, or cooling purchased. The company also collects data on any other on-site activities that produce GHG emissions, such as land-based emissions, the release of refrigerant GHGs, or wastewater treatment. The company then applies appropriate emission factors to convert the energy and activity data into GHG emissions. Emission factors are coefficients that estimate the amount of GHG emitted per unit of energy or activity.

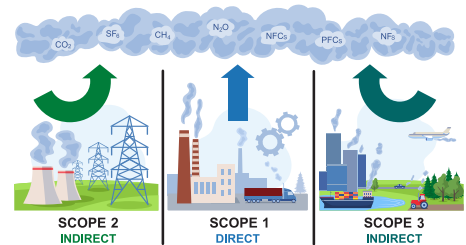
The scope and boundaries of data collection depend on the organizational and operational structure of the company. The company defines which entities, facilities, or activities are included or excluded from its GHG inventory, and how it accounts for any changes in ownership or control over time. The company also chooses a consistent reporting period and base year for its emissions calculations.

SCOPE 1 DIRECT EMISSIONS

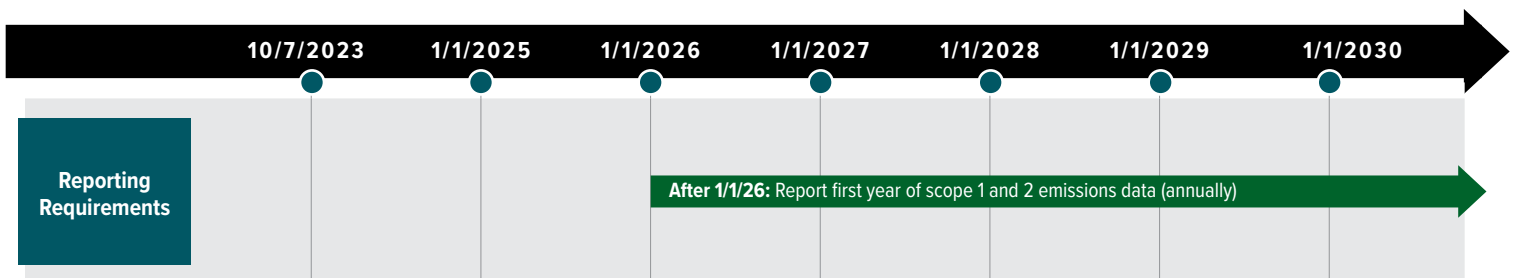
Examples: Fuel combustion in boilers, furnaces, vehicles, refrigeration systems, direct land-based emissions, etc.

SCOPE 2 INDIRECT EMISSIONS

Examples: Generation of electricity, steam, heat, or cooling that is purchased and consumed.



Timeline





Complying with SB 253: Calculating and Reporting Scope 3 GHG Emissions

What are Scope 3 Emissions

Scope 3 emissions are a category of GHG emissions that originate from sources that are not directly owned or controlled by the company, but that occur within its value chain. Scope 3 emissions include emissions from 15 different categories that are both upstream and downstream from the company. Sources of scope 3 emissions include, but are not limited to, goods and services purchased by the company, transportation of goods to and from the company, and product use by the end customer. Scope 3 emissions often represent the majority of a company's total GHG inventory.

How to Calculate

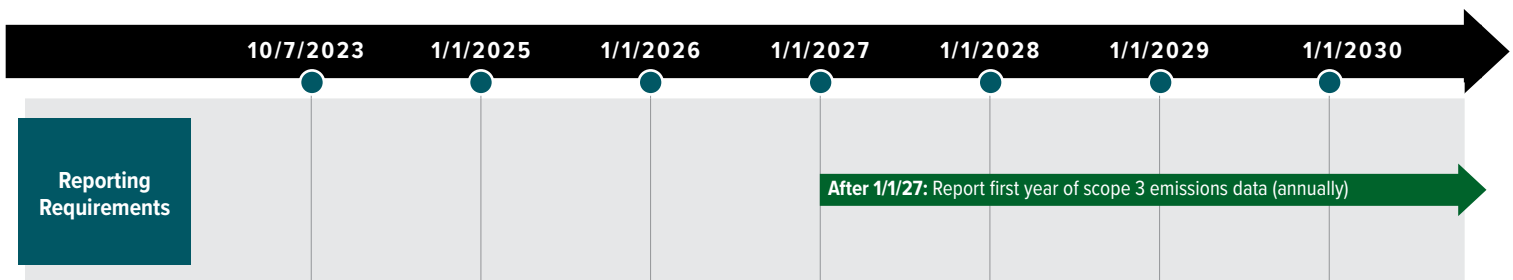
To calculate scope 3 emissions, a company identifies all the relevant categories of emissions in its value chain. The company may collect primary data on the activities and emissions of its suppliers, customers, and other partners, which may require collaboration and communication across the value chain. When primary data is not available, the company may instead apply appropriate emission factors to estimate the GHG emissions associated with each of the applicable scope 3 categories.

As companies calculate their scope 3 emissions to comply with California's SB 253 Climate Corporate Data Accountability Act (CCDAA), they may use industry averages and regional estimates in lieu of specific data collected directly from their suppliers and partners. However, many large companies are already asking their key suppliers and partners for this data and for collaboration on GHG emission reduction targets previously set. It is unknown at this time how many new requests could be generated by large companies because of these new regulations.

"What if my company conducts business in California and supplies a large customer that has over \$1B in annual revenue?"

It's important to make a plan now. A key client will likely ask for your assistance by requesting scope 1 and 2 emissions data from your company to help them adhere to the latest regulations in California. Should such requests arise, be aware that gathering and organizing this information can be a lengthy process. Therefore, it's recommended to start early so this information can be provided to customers in a timely manner.

Timeline





Complying with SB 261: Evaluating and Reporting Climate Risk

California's Climate-Related Financial Risk Act (CRFRA) requires certain companies to report their climate-related financial risks aligned with leading global frameworks such as the Task Force on Climate-Related Financial Disclosures (TCFD). This framework is a set of recommendations developed to help companies and investors disclose and assess the financial implications of climate change. The TCFD framework covers four topics: governance, strategy, risk management, and metrics and targets.

The following chart (see below) provides the minimum disclosure requirements for SB 261 listed in [CARB's Draft Checklist](#) posted on September 2, 2025.

SB 261 Minimum CARB Requirements for Disclosure			
Governance	Strategy	Risk Management	Metrics and Targets
<p>Describe your organization's governance structure, if any, for identifying, assessing, and managing climate-related financial risks. Details should include:</p> <ul style="list-style-type: none">Discussion of any management oversight of climate-related risks and opportunities and should provide a description pertaining to Board oversight of those climate-related risks and opportunities (if the reporting entity has a Board).	<p>Describe the actual and potential impacts of climate-related risks and opportunities on the company's operations, strategy and financial planning (where material). This includes describing:</p> <ul style="list-style-type: none">The climate-related risks and opportunities the organization has identified over the short, medium, and long term.The impact of climate-related risks and opportunities on the organization's operations, strategy, and financial planningThe resilience of the organization's strategy, if any, taking into consideration the future impacts of climate change under various climate scenarios.	<p>Describe how the reporting entity identifies, assesses, and manages climate-related risks including a description of:</p> <ul style="list-style-type: none">The process the reporting entity uses for identifying, managing and assessing climate-related risks, and how those considerations and processes are integrated into the organization's overall risk management.	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities adopted to reduce and adapt to climate-related risk, where such information is material.</p>



Conclusion

The new “California Climate Accountability Package” will have GHG emissions and climate risk reporting implications for companies doing business in California with annual revenues exceeding the established thresholds. For suppliers of those companies that may not meet the criteria for required reporting, this package of legislation may still lead to new requests from customers. For companies seeking to understand their emission profiles, calculating scopes 1 and 2 GHG emissions is a good place to start.

For more information on how to navigate California’s Climate Accountability Package, [contact Pinion](#)

About Us

Pinion is a business advisory provider, ‘U.S. Top 100’ accounting firm, and global leader in food and agriculture consulting. With roots dating back to 1932, the firm aims to deliver increased value and growth for clients through its specialized advisory in the areas of sustainability, farm programs, land and water management, financial management, succession planning, government affairs, and business strategy.

Dedicated to sustainability program success – from small food and agriculture operations to large industry leaders – Pinion develops measurable and actionable sustainability programs that are scaled to satisfy the unique needs of each operation. Pinion’s sustainability advisors create customized solutions that meet the standards, reporting needs, and programmatic execution required to attain business goals and maximize sustainability impact.

*Note: This is a live document and subject to change. All data included is reflective of legislature at the time of publishing and will be updated as further information is released. **Updated on: November 5, 2025***



**The Impact of California's Climate
Accountability Package on Environmental
Reporting: What It Means for Your Business**

© Pinion. All Rights Reserved.

www.pinionglobal.com
1.800.461.4702.

