

SEC Reporting & Compliance Alert

December 20, 2024

If you have any questions regarding the matters discussed in this memorandum, please contact the attorneys listed on the next page or call your regular Skadden contact.

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One Manhattan West
New York, NY 10001
212.735.3000

1440 New York Ave., N.W.
Washington, DC 20005
202.371.7000

California Seeks Public Input on Climate Reporting Requirements

On December 16, 2024, the California Air Resources Board (CARB) issued a request to solicit feedback regarding [Senate Bill 253, Climate Corporate Data Accountability Act \(SB 253\)](#) and [Senate Bill 261, Greenhouse Gases: Climate-Related Financial Risk \(SB 261\)](#), as amended by [Senate Bill 219, Greenhouse Gases: Climate Corporate Accountability: Climate Related Financial Risk \(SB 219\)](#).

SB 253 requires reporting entities¹ with more than \$1 billion in total annual revenues that are “doing business” in the state of California to annually disclose: scopes 1 and 2 greenhouse gas (GHG) emissions starting in 2026 and scope 3 GHG emissions in 2027. SB 261 requires covered entities with more than \$500 million in total annual revenues that do business in California to biennially prepare and disclose a climate-related financial risk report.²

[CARB seeks comments](#) in the following areas:

- **General applicability:** Defining “doing business in California” and the scope of reporting entities covered, as well as methods for CARB to identify such reporting entities.
- **Standards in regulation:** Streamlining protocols and standards with external and potentially non-governmental entities.
- **Data reporting:** Determining compliance costs for entities and whether to directly report to CARB or contract reporting services to third parties.
- **SB 253:** Identifying potential aspects of scopes 1, 2 or 3 GHG emissions to standardize, determining assurance providers and assurance standards, and learning from companies that voluntarily report emissions data regarding their frequency, data and software systems.
- **SB 261:** Determining reporting timelines related to collection of data, the preference for a standardized reporting year, and identifying current climate financial risk disclosure.

The solicitation for feedback will be open until **February 14, 2025**, and all comments must be submitted [on CARB’s website](#).

Companies subject to the California climate disclosure rules should consider providing CARB with comments related to the practical implementation and compliance with the climate disclosure legislation. In the meantime, companies should also continue to prepare for the upcoming compliance and [reporting deadlines](#).

¹ For the purposes of the bills, a “reporting entity” includes a partnership, corporation, limited liability company or other business entity formed under the laws of any U.S. state or the District of Columbia, or under an act of the Congress, with total annual revenues in excess of \$1 billion that does business in California.

² We discussed the proposed legislation in our October 28, 2024, client alert “[State of Play: California Amends Climate Disclosure Rules](#)” and our September 26, 2023, client alert “[California Poised to Adopt Sweeping Climate Disclosure Rules](#).”

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Notably, CARB's request for comments follows its [Enforcement Notice](#), published on December 5, 2024. The notice recognized that SB 219 extended CARB's deadline to adopt regulations from January 1, 2025, to July 1, 2025, without delaying the compliance deadline for reporting entities. The notice indicated that:

- For the first report due in 2026 pursuant to SB 253, CARB will allow reporting entities to use scopes 1 and 2 GHG emissions data that they already possess or are collecting as of December 5, 2024.

- CARB will not take enforcement actions against entities during the first-year reporting cycle as long as the entities make a good faith effort to comply.
- CARB will continue to provide updates related to subsequent reporting cycles.

Contacts

Brian V. Breheny

Partner / Washington, D.C.
202.371.7180
brian.breheny@skadden.com

Raquel Fox

Partner / Washington, D.C.
202.371.7050
raquel.fox@skadden.com

Andrew J. Brady

Of Counsel / Washington, D.C.
202.371.7513
andrew.brady@skadden.com

Caroline S. Kim

Counsel / Washington, D.C.
202.371.7555
caroline.kim@skadden.com

Liz Malone

Counsel / Washington, D.C.
202.371.7239
elizabeth.malone@skadden.com

Leo W. Chomiak

Associate / Washington, D.C.
202.371.7511
leon.chomiak@skadden.com

Jeongu Gim

Associate / Washington, D.C.
202.371.7223
jeongu.gim@skadden.com

Nicholas D. Lamparski

Associate / Washington, D.C.
202.371.7323
nicholas.lamparski@skadden.com

Khadija L. Messina

Associate / Chicago
312.407.0116
khadija.messina@skadden.com

Joshua Shainess

Associate / Washington, D.C.
202.371.7594
joshua.shainess@skadden.com

Sydney E. Smith

Associate / Washington, D.C.
202.371.7333
sydney.smith@skadden.com

Kyle Wiley

Associate / Washington, D.C.
202.371.7351
kyle.wiley@skadden.com