

CA SB 261 Fact Sheet

Greenhouse Gases: Climate-Related Financial Risk Act

What is the Greenhouse Gases: Climate-Related Financial Risk Act?

On October 7th, California Governor Gavin Newsome signed Greenhouse Gases: Climate-Related Financial Risk (CA SB 261). The legislation will require both public and private companies meeting revenue requirements and operating in the state of California to produce an annual report summarizing both their climate-related financial risk and the steps they will take to reduce and adapt to it.

Who Does CA SB 261 Apply To?

CA SB 261 affects corporations, limited liability companies, other business entities and specified partnerships with total annual revenues greater than \$500 million and operating in California.

How Does CA SB 261 Define a Climate-Related Financial Risk?

A climate-related financial risk is defined as any material risk to immediate or long-term financial outcomes due to physical and transition risks.



What are the CA SB 261 Requirements?

Produce a report summarizing the entity's climate-related financial risks in alignment with the final recommendations of the Task Force on Climate-Related Financial Disclosure (TCFD) from 2017. Organizations must disclose which measures they're taking to reduce and adapt to the climate-related financial risks that they've disclosed.

The organizations must submit a statement to the CA Secretary of State affirming that the disclosed report satisfies the requirements of the signed bill.

The final report must be made available to the public on the organization's website.

What is the CA SB 261 Framework?

CA SB 261 reporting will use the TCFD framework.

What is the CA SB 261 Timeline?

The TCFD report is due no later than January 1, 2026.

Organizations impacted by CA SB 261 need to start preparing for the California climate disclosure immediately. By properly preparing for the disclosures, your organization will have stronger controls over emission data and reporting and avoid the risks and penalties associated with non-compliance.

How Can Schneider Downs Help?

Schneider Downs can help organizations identify material climate-related financial risks and create an accompanying report in line with Task Force on Climate-Related Financial Disclosures TCFD recommendations. In addition, our team can help develop a greenhouse gas inventory and calculation process, as well as eventual limited assurance on the calculations.

If you have any questions about CA SB 261, please our Senior ESG & Sustainability Manager Matt Hartman at contacts@schneiderdowns.com.

About Schneider Downs ESG Consulting

With our industry expertise and extensive knowledge of the risk advisory landscape, the Schneider Downs team can help your organization perform a gap assessment relative to the finalized regulation, suggest areas of improvement and meet the SEC Name disclosure requirements.

Learn more about our ESG consulting services at www.schneiderdowns.com/esg.



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