

Navigating the California Climate Accountability Package: A Guide for Organizations

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Jessica Kochik
Manager, Carbon Advising



Valeda Scribner
Senior Carbon Advisor



Catherine Osborne
Senior Director, Sustainability
Advisory Services

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**As of September 24, 2025, CARB has released a list of 4,000+ companies that are required to comply with their regulations. [See if your organization is on the list.](#)*

While ongoing priority shifts at the federal level will certainly impact environmental disclosure regulations in the United States, stakeholder pressure has, to date, been the bigger driver of progress around corporate emissions and risk management—more so than federal mandates. Customers, suppliers, and shareholders choose partners based on **CDP scoring**, emissions targets, and risk assessments. Companies showing responsibility for both environmental impact and risk preparedness are demonstrating stability and seeing the benefits.

That ground-up support is a positive signal, but government regulations still play a role in climate action. As part of the **Paris Climate Agreement**, 190+ countries and the European Union have committed to “limit the temperature increase to 1.5°C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change,” which, according to the **Intergovernmental Panel on Climate Change (IPCC)**, “requires global greenhouse gas (GHG) emissions to peak before 2025 at the latest, and be reduced by 43% by 2030.” With a current **global temperature increase of 1.1°C**

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since 1850, we can observe the impacts of climate change in effect today, demonstrated by increased severity and frequency of wildfires, tropical storms, flooding, and other extreme weather events.

As the fourth largest economy in the world, California has again taken the lead: all U.S. companies doing business in the state will be required to report their GHG emissions and demonstrate their preparedness for the ongoing risks of climate change. In 2025, three separate initiatives will go into effect as the California Climate Accountability Package, covering GHG emissions accounting, climate risk readiness, and carbon offset disclosure to address both emissions reduction and active climate change risk preparedness.

Organizations must change their ways of working to stay ahead of impending climate regulations. [Learn More →](#)



What is in the California Climate Accountability Package?

This package of environmental legislation is comprised of three separate elements:

SB-253 — Climate Corporate Data Accountability Act

Starting on June 30, 2026, all companies doing business in California with an annual revenue greater than \$1 billion will be required to report their Scope 1 and Scope 2 emissions, as well as have these emissions third-party verified to a limited level of assurance.

In 2027, disclosure requirements will increase to include Scope 3 emissions. No verification will be required the first year of disclosure, but limited assurance will be required starting in 2026.

In 2030, the level of verification required for Scope 1 and Scope 2 disclosure will be increased to reasonable assurance. Corporations can report at the parent level, and a fee will be involved for submitting reports to the California Air Resource Board (CARB) disclosure website.

Annual fees:

- \$3,106 (SB 253)
- \$1,403 (SB 261)
- \$4,509 for both

Although the platform for data submission and public access is not yet available, the [intent of the bill is to](#) “maximize access for consumers, investors, and other stakeholders to comprehensive and detailed GHG emissions data ... in a manner that is easily understandable and accessible.”(SB219 bill text). Therefore, applicable companies should be prepared to be compared to emissions profiles of other businesses in their industry.

SB-261 — Greenhouse Gases: Climate-Related Financial Risk

All companies doing business in California with an annual revenue greater than \$500 million will be required to report at least one climate-related financial risk, as well as measures to reduce and adapt to identified risks every other year—with the first report due no later than January 1, 2026. Reports must be public and uploaded to CARB’s docket.

CARB has aligned reporting requirements to the Task Force on Climate-related Financial Disclosures (TCFD) standard. Although the TCFD recommendations were incorporated into International Financial Reporting Standards (IFRS) S2, Climate-related Disclosures, the four thematic areas that represent core elements of how organizations operate remain the same.

- **Governance:** Several climate reporting standards align on the critical need for corporate governance involvement to ensure sustainability strategies are effective, so board-level oversight

and executive involvement around climate-related risks and opportunities is required.

- **Strategy:** Companies are required to report on the actual and potential impacts of climate-related risks and opportunities on the organization's business, strategy, and financial planning. Disclosures must include the anticipated timeline (short, medium, and long term) and the climate scenario(s) (i.e. a 2°C warming trend from the pre-industrial era) used to assess risk and opportunity in the development of their climate strategy. As they assess the resilience of their organization's strategy, companies must also consider sector-specific disclosures to provide a more complete picture of potential climate-related financial impact.
- **Risk Management:** Each company will be required to outline their process to identify, assess, and manage climate-related risks. Companies need to report on the pertinent operations assessed and the data sources used to evaluate climate-related risks and opportunities. Companies must also detail the methods in place to manage the risks and opportunities to which the organization is exposed.
- **Metrics and Targets:** Companies must report on the metrics and targets used to assess and manage relevant climate-related risks and opportunities. Disclosures include metrics that inform strategy and risk management process, greenhouse gas (GHG) emissions, targets used to manage risks, and opportunities and performance against targets. Industry specific metrics may also be disclosed.

In 2024, SB-253 and SB-261 were coupled into one bill: SB-219 – Greenhouse gases: Climate Corporate accountability; Climate-related financial risk.

AB-2331 – *Voluntary carbon market disclosures (supersedes AB-1305)*

Companies setting net zero targets are often looking to carbon offset programs to negate any remaining emissions after reduction strategies have been implemented for all managed business operations. Therefore, CARB has identified the necessity of every company utilizing carbon offsets to publicly communicate all offsets and validations on the company's website—which went into effect on July 1, 2025.

Although the quality criteria listed above are reminiscent of the quality criteria for renewable energy credit (REC) validation, RECs are not considered a "voluntary offset" as the appropriate renewable energy emissions factor of a REC is applied directly to emissions accounting of Scope 2 market-based emissions. Additional disclosure requirements pertain to organizations marketing and/or selling voluntary carbon offsets, such as crediting period, start date, crediting period, issuance year, standards met, accountability and calculation methods, and the period the offset is monitored.

Achieving Compliance

There are several practical steps affected organizations can take in order to comply with California law:

- [Perform Emissions Inventories](#)
- [Select a Third-Party Verifier](#)
- [Perform a TCFD Aligned Climate Risk Assessment](#)
- [Perform a Peer Benchmarking Assessment](#)
- [Disclose to CDP](#)

Perform Emissions Inventories

This includes Scope 1, Scope 2 Location-Based and Scope 2 Market-Based, and Scope 3 emissions inventories. CARB does not explicitly ask for market-based emissions accounting, but a market-based Scope 2 inventory can demonstrate your organization's commitment to decarbonizing your electricity supply and resulting progress toward Scope 2 emissions reduction targets.

Identifying your usage data sources can be time consuming, so begin the inventory process as soon as

possible, especially if you have not yet performed an inventory. Ensure your data is organized, your calculation methods are clearly documented, and all sources are traceable back to the source. Utilizing a data management and emissions accounting platform accessible to a third party is strongly recommended as it will ease the effort of verification.

An Inventory Management Plan (IMP) is also critical to document the methodologies and assumptions of your GHG inventory calculations.

Select a Third-Party Verifier

Specifically for Scope 1 and Scope 2, companies will need to undergo a third-party "limited assurance" review of calculated GHG emissions for fiscal year 2025, which is a less rigorous level of scrutiny than a "reasonable assurance" review. Carbon advisors can help clients navigate the process of obtaining third-party limited assurance by providing subject matter expertise and supporting methodology documentation to verify the accuracy of data and calculations.



As of 2025, ENGIE Impact is PCAF certified.

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Perform a TCFD Aligned Climate Risk Assessment

Although SB261 is in effect sooner than SB253, your company can start identifying relevant emissions metrics, targets, and transition risks in parallel with an emissions inventory. The TCFD guidelines for climate-related financial disclosures are broadly applicable and aim to provide decision-useful, forward-looking information suitable for inclusion in standard financial reports. Throughout the process of compiling a TCFD-aligned report, keep in mind the 7 principles they denote for effective disclosures:

1. Provide relevant information.
2. Be specific and complete.
3. Be clear, balanced, and understandable.
4. Be consistent over time.
5. Be comparable among companies within a sector industry or portfolio.
6. Be relevant, verifiable, and objective.
7. Be provided on a timely basis.

In line with number 5, ensure you review the relevant industry specific disclosures for your organization as topics may not be covered in the general risk assessment guidelines.

Perform a Peer Benchmarking Assessment

Once your emissions data is submitted to CARB, it will be published alongside other organizations within your industry. So as not to have comparisons come as a surprise, work with a consultant to review your performance against chosen competitors to proactively identify steps to improve your sustainability standing.

Disclose to CDP

CDP is the most widely utilized reporting mechanism for environmental data across the globe. Responding to the CDP climate questionnaire is a thorough tool to assess your company's progress to effective emissions management and TCFD-aligned disclosures across all elements of business operations.

Next Steps

The California Climate Accountability Package represents a significant step forward in holding

businesses accountable for their GHG emissions and climate-related risks. While companies are facing increased pressure to disclose and manage these factors, the legislation provides a clear framework to ensure transparency and sustainability, ultimately benefiting both the environment and corporate stability. Organizations must act swiftly to align their operations with the new requirements, making proactive steps toward compliance essential for long-term success. Right now, that includes preparing your climate risk report (SB261) and preparing your emissions disclosure (SB253).

Get In Touch

Talk to our experts about accelerating your decarbonization strategy.

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The 2025 Net Zero Report assesses the progress to date and the path ahead — reemphasizing the urgent need to recalibrate efforts.

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