
California Governor Signs Climate Disclosure Bills for Public and Private Companies

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Two climate disclosure bills signed by California Governor Gavin Newsom on October 7, 2023 will require certain public and private companies organized in the United States that do business in the state of California to disclose information on carbon emissions and report other climate-related financial risks. The bills add to an increasingly complex landscape of laws and regulations that require companies to disclose climate-related information. S.B. 253, the “Climate Corporate Data Accountability Act,” will require public and private companies to make annual reports on their greenhouse gas (“GHG”) emissions, including direct GHG emissions (“Scope 1”), indirect GHG emissions from purchased energy (“Scope 2”), and indirect upstream and downstream GHG emissions (“Scope 3”). S.B. 261, the “Climate-Related Financial Risk Act,” requires public and private companies to disclose certain climate-related financial risks in accordance with recommendations of the Task Force on Climate-Related Financial Disclosures (“TCFD”), created by the Financial Stability Board. Both of these bills are designed to improve corporate transparency regarding climate emissions and promote the public’s interest in various climate goals. Both bills will require the California Air Resources Board (“CARB”) to promulgate regulations in the near future to assist with execution and enforcement.

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