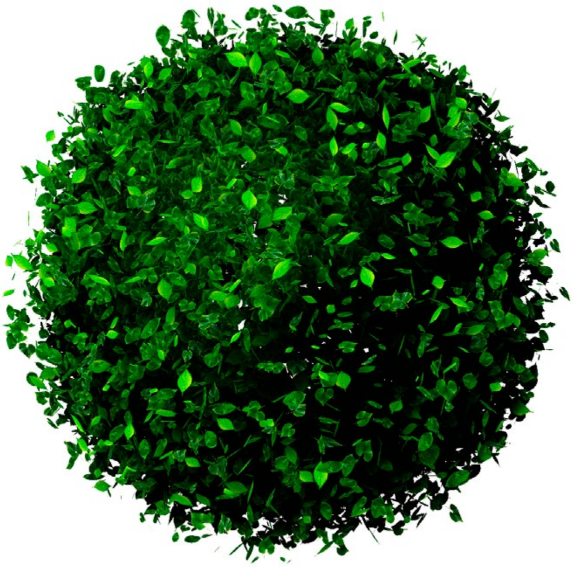

iGAAP in Focus
Sustainability reporting
California Climate Legislation—Reporting deadlines remain unchanged under new senate bill

Contents

This *iGAAP in Focus* outlines the California state senate bill SB-219 *Greenhouse gases: climate corporate accountability: climate-related financial risk*, which amends portions of Sections 38532 and 38533 of the California Health and Safety Code that were established upon the passage of California state senate bills SB-253 *Climate Corporate Data Accountability Act* and SB-261 *Greenhouse gases: climate-related financial risk*.

Background
On 27 September 2024, California Governor Gavin Newsom signed into law California state senate bill SB-219, which amends portions of Sections 38532 and 38533 of the California Health and Safety Code that were established upon the passage of California state senate bills SB-253 and SB-261.
SB-253 and SB-261 require certain public and private US entities that perform certain business activities in California to disclose their greenhouse gas (GHG) emissions and climate-related financial risks, respectively. Our *iGAAP in Focus* from December 2023 gives more information on these bills.

SB-219 does not delay the reporting deadlines under SB-253 or SB-261. Accordingly:

- entities within the scope of SB-261 must prepare and make available on their public websites a climate-related financial risk report by 1 January 2026
- entities within the scope of SB-253 must publicly disclose and obtain limited assurance over their Scope 1 and Scope 2 GHG emissions starting in 2026, on or by a date to be determined by the California Air Resource Board (CARB), for the prior fiscal year.

For more information please see the following websites:

www.iasplus.com
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Key Changes Under SB-219

SB-219 amends the following Section 38532 provisions:

Original SB-253 Requirements	Key SB-219 Amendments
Does not indicate whether reporting entities within its scope may provide emission disclosures at the consolidated-parent-company level.	Authorises reporting entities to consolidate emission disclosures at the parent-level. Under SB-219, a subsidiary of a parent entity that qualifies as a reporting entity is not required to prepare separate disclosures if they are included in a parent-level emissions report.
Requires CARB to develop and adopt regulations for the reporting of GHG emissions by 1 January 2025.	Delays to 1 July 2025 the deadline for CARB to develop and adopt regulations for the reporting of GHG emissions.
Requires reporting entities under SB-253 to publicly disclose their Scope 3 GHG emissions starting in 2027 (for the prior fiscal year) no later than 180 days after they disclose their Scope 1 and 2 GHG emissions publicly.	Requires entities to disclose their Scope 3 GHG emissions on a schedule specified by CARB. Gives CARB the discretion to establish a schedule for an entity's submission of Scope 3 emission disclosures in 2027.

SB-219 should help reduce the financial burden of complying with SB-253 by allowing:

- entities to provide a consolidated parent-level emission disclosure report
- CARB to establish a schedule for Scope 3 GHG emission reporting.

Permitting consolidated parent-level emission disclosures aligns with the provisions in SB-261 under which a consolidated parent-level climate-related financial risk report may be used to satisfy reporting requirements.

Observation

Legal challenges to SB-253 and SB-261 are ongoing. The plaintiffs in *Chamber of Commerce of the United States of America v. California Air Resource Board* (filed in January 2024) assert that SB-253 and SB-261 "unlawfully attempt to regulate speech related to climate change" and that the bills violate the First Amendment as well as other federal laws. They are asking the US District Court for the Central District of California to declare SB-253 and SB-261 null and void, with no force or effect. However, SB-253 and SB-261 will remain in effect pending the resolution of such legal challenges.

Further information

If you have any questions about the California Climate Legislation, please speak to your usual Deloitte contact or get in touch with a contact identified in this *iGAAP in Focus.*

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