

California Bills in Focus – Scoping SB 261 & 253

In 2023, California passed two climate bills requiring U.S.-based companies that are “**doing business in California**” to disclose certain climate-related risks and associated data. The bills came into effect in 2025 and are now under the purview of the state regulator, the California Air Resources Board (“CARB”).

While **most asset managers will not be in-scope** of these regulations, certain portfolio investments may be caught. The scoping tests below will help managers determine if any of their investments may be exposed to these regulatory reporting obligations.

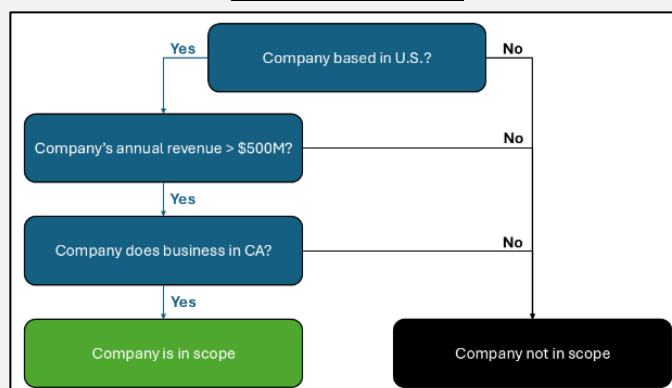
Scoping Test for SB 261

[California Senate Bill 261](#) (“Climate-Related Financial Risk Act” or “SB 261”), requires **U.S. based companies** that are “doing business in California”, AND meet a **\$500M annual revenue*** threshold to produce website disclosures detailing: (i) identified climate-related financial risks; and (ii) the measures the company has adopted to reduce and adapt to those risk(s) on a biennial basis.

*The first compliance date for this regulation is **January 1, 2026***

*Annual revenue may be determined using the “best data available”, including data from FY 2024

Flowchart: SB 261 Scoping

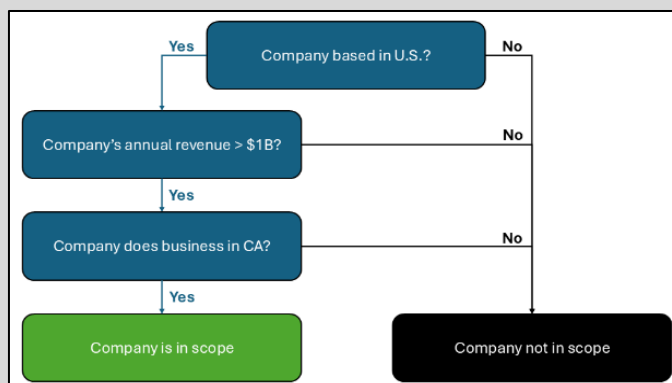


Scoping Test for SB 253

[California Senate Bill 253](#) (“California Climate Corporate Data Accountability Act” or “SB 253”), will require **U.S. based companies** that are “doing business in California” AND meet a **\$1B annual revenue** threshold to annually disclose their Scope 1, Scope 2, and Scope 3 greenhouse gas emissions.

The first compliance date for this regulation is not yet determined (expected: 2026)

Flowchart: SB 253 Scoping



Doing Business in California – Still a Moving Target

The definition of “doing business in California” is still in flux. The working definition to determine initial compliance reporting obligations is informed by the California Revenue and Tax Code and includes:

- A U.S.-based company “**actively engaging in any transaction for the purpose of financial or pecuniary gain or profit**” AND *at least one* of the following:
 - is organized or domiciled in CA.
 - has sales in CA. that exceed the lesser of \$735,019 (inflation-adjusted, will increase YoY) or 25% of total sales
 - has real property in CA. exceeds the lesser of \$73,502 (inflation-adjusted, will increase YoY) or 25% of total real property
 - amount paid in payroll tax and compensation in CA. exceeds the lesser of \$73,502 (inflation-adjusted, will increase YoY) or 25% of total compensation paid by the entity

Please reach out to Silver’s Sustainability Risk & Strategy team for more information SRSTEAM@silverreg.com