

## 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 bills, certain portfolio investments may be caught. The scoping tests below will help managers determine if any of their investments may be exposed to these climate reporting obligations.

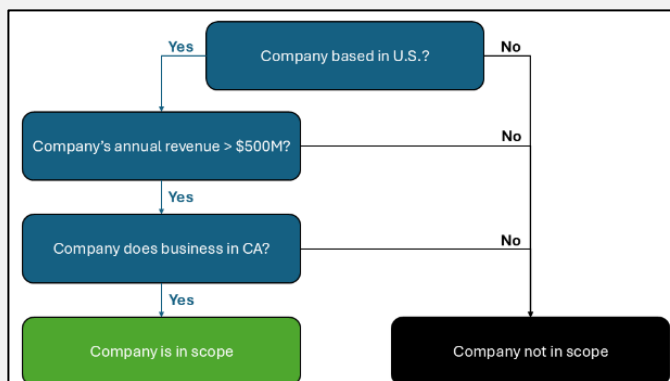
### Scoping Test for SB 261

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 bill is January 1, 2026*

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

#### Flowchart: SB 261 Scoping

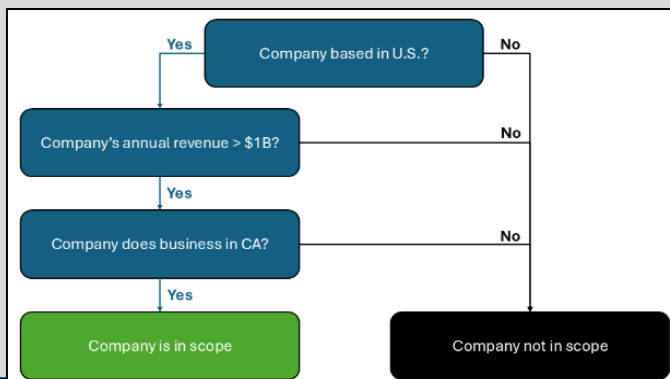


### Scoping Test for SB 253

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 the bill is not finalized (proposal: June 30, 2026)*

#### Flowchart: SB 253 Scoping



### Doing Business in California – Still a Moving Target!

The definition of “doing business in California” remains in flux following the August 21, 2025 Workshop. CARB has proposed a working definition informed by the California Revenue & Tax Code:

- A U.S.-based company “**actively engaging in any transaction for the purpose of financial or pecuniary gain or profit**” AND *either*:
  - is organized (i.e., registered) or commercially domiciled (i.e., has its principal place of business) in California
  - has sales\* in California that exceed \$735,019 (inflation-adjusted, will increase YoY)

CARB has also proposed an alternative test for “doing business in California” which would include, at a minimum, entities listed as “companies of record” with the [California Secretary of State](#).

**Scoping Recommendation:** Companies that meet the revenue threshold and fit one or both proposed tests should prepare to comply by January 1, 2026.

\*Sales for asset managers will be determined based on the total amount of management fees, performance fees, and similar receipts paid by investors to the manager who have a billing address or principal place of business in California

Please reach out to Silver’s Sustainability Risk & Strategy team for more information [SRSTEAM@silverreg.com](mailto:SRSTEAM@silverreg.com)