

The Climate Corporate Data Accountability Act**ENFORCEMENT NOTICE****December 5, 2024**The Climate Corporate Data Accountability Act Background

The Climate Corporate Data Accountability Act Senate Bill (SB) 253 (Wiener, Statutes of 2023, Chapter 382) requires entities formed under the laws of California, the laws of any other state of the United States or the District of Columbia, or under an act of the Congress of the United States, with total annual revenues in excess of one billion dollars (\$1,000,000,000) that do business in California ("reporting entities") to annually report all of their Scope 1, Scope 2, and Scope 3 greenhouse gas emissions, as defined in the statute. This legislation aims to promote transparency from companies regarding their greenhouse gas emissions. The California Air Resources Board (CARB) is required to promulgate regulations implementing SB 253, including establishing a date in 2026 when the first emission reports will be due.

On September 27, 2024, SB 219 (Wiener, Statutes of 2024, Chapter 766) amended state law to extend the date for CARB to adopt the regulations specified in SB 253 from January 1, 2025, to July 1, 2025. The first reports by reporting entities will still be due in 2026 on a date to be established by CARB in its rulemaking. Those first reports will cover scope 1 and scope 2 emissions during the reporting entity's prior fiscal year.

Update Regarding Enforcement of Good Faith Compliance Measures

The purpose of this Enforcement Notice is to notify reporting entities that CARB has decided to exercise its enforcement discretion under Health and Safety Code section 38532, subdivision (f)(2)(A), as follows.

SB 253 requires reporting entities, "starting in 2026 on or by a date to be determined by the state board" to "publicly disclose . . . all of the reporting entity's scope 1 and scope 2 emissions for the reporting entity's prior fiscal year." (Health and Safety Code, § 38532, subd. (c)(2)(A)(i)(I).) CARB recognizes that companies may need some lead time to implement new data collection processes to allow for fully complete scope 1 and scope 2 emissions reporting, to the extent they do not currently possess or collect the relevant information.

Accordingly, CARB will exercise its enforcement discretion such that, for the first report due in 2026, reporting entities may submit scope 1 and scope 2 emissions from "the reporting entity's prior fiscal year" that can be determined from information the reporting entity already possesses or is already collecting at the time this Notice was issued. CARB will exercise enforcement discretion for the first reporting cycle, on the condition that entities demonstrate good faith efforts to comply with the requirements of the law. This enforcement discretion is aimed at supporting entities actively working toward full compliance. Thus, for the first reporting cycle, CARB will not take enforcement action for incomplete reporting against entities, as long as the companies make a good faith effort to

retain all data relevant to emissions reporting for the entity's prior fiscal year. CARB will provide details on reporting for subsequent year reporting cycles as part of CARB's rulemaking process.

This notice reflects CARB's discretion in enforcing compliance during the transition period and does not constitute an interpretation of statutory reporting requirements. CARB encourages regulated entities to use this period to move toward full compliance as quickly as possible.

Further Information

For further information regarding this Notice, please contact climatedisclosure@arb.ca.gov.