

# SEC, California, and CSRD Climate Disclosure Requirements Comparison Tool

## Client Advisory

April 18, 2024

Following an order by the U.S. Securities and Exchange Commission (SEC) implementing a stay of its final climate disclosure rules pending review of legal challenges to such rules in the U.S. Court of Appeals for the Eighth Circuit, many companies are reassessing their climate disclosure timelines and the underlying processes and systems that will be required to comply with the mandatory sustainability reporting frameworks applicable to them, particularly if litigation related to the SEC’s climate disclosure rules extends over a long period of time. See our previous client alerts related to the [SEC’s final climate disclosure rules](#) and [the SEC’s subsequent stay of such rules in light of pending litigation](#).

While companies can leverage information collected across several sustainability disclosure frameworks, there are meaningful distinctions between the requirements of such frameworks and companies will need to design internal processes, systems, and controls to ensure that the collection and reporting of information is carefully tailored to the appropriate frameworks in the appropriate disclosure channels, including but not limited to the SEC climate disclosure rules, the California climate disclosure laws (Senate Bills 253 and 261 and Assembly Bill 1305), and the European Union’s Corporate Sustainability Reporting Directive (CSRD). Please see our previous client alerts related to the California climate bills [SB 253 and 261](#) and [AB 1035](#) and our fact sheet on [CSRD](#). This effort is likely to become more complex as various countries advance their own reporting frameworks, adopt the International Sustainability Standard Board (ISSB) sustainability standards, or adjust their reporting frameworks to align with the ISSB sustainability standards. See our previous client alert on [ISSB sustainability disclosure standards](#). Additionally, the Corporate Sustainability Due Diligence Directive (CSDDD) in the European Union, which is up for a Parliament vote this month, may add additional requirements beyond the scope of the CSRD. See our [March 2024 Sustainability and ESG Advisory Practice Update](#) for details on the CSDDD.

Companies that fall within scope of these disclosure frameworks should familiarize themselves with the detailed disclosure requirements set forth in our previously published client alerts. For information on these disclosure requirements, please contact any member of the firm’s [Sustainability](#) and [ESG](#) teams or [public company](#) practice.

This tool is intended to assist companies in determining whether they fall within the scope of SEC, California, and CSRD climate disclosure rules and identifying the types of disclosure applicable to them under each set of rules. The tables below cover applicable disclosures based on company type, initial compliance dates, disclosure channels, and disclosure triggers. Please see the flow chart below to guide your assessment.

Top to Bottom



Disclosure Summary	Initial Compliance Dates	Disclosure Channels	Detailed Disclosure
Applicability of Framework Table	SEC Climate Disclosure Rules Table CSRD Table California Climate Laws Table	Location of Disclosure Table	Circumstances That Trigger Required Disclosure Table

## Disclosure Summary

Applicability by Framework										
	SEC			California			CSRD			
Covered Companies	Large accelerated filers (LAF)	Accelerated filers (AF) (non-emerging growth companies (ERC), non-smaller reporting companies (SRC))	Non accelerated filer (NAF), EGC, SRC	<u>SB 253</u> : <sup>1</sup> Companies that do business in CA with >\$1B in annual revenue	<u>SB 261</u> : Companies that do business in CA with >\$500M in annual revenue	<u>AB 1305</u> : Companies that operate in CA	“Large” <sup>2</sup> companies with >500 employees that are EU public interest entities or have securities listed on EU markets	“Large” <sup>3</sup> EU companies and “Large” companies with securities listed on EU markets	SMEs <sup>4</sup> with securities listed on EU markets	Non-EU companies with “significant activities” in the EU
Greenhouse Gas (GHG) Emissions										
Scope 1	X			X			X			
Scope 2	X			X			X			
Scope 3				X			X			
Limited Assurance	X			X			X			
Reasonable Assurance	X			X			X			
Climate-Related Risks and Opportunities										
Risks	X				X		X			
Opportunities							X			
Risk Management	X				X		X			
Strategy	X				X		X			

Climate-Related Governance					
Board	X				X
Management	X				X
Other <sup>5</sup>					
Targets and Goals	X			X	X
Offsets/Renewable Energy Credits (RECs)	X			X	X
Financial Statement Metrics	X				X
Maintained Internal Carbon Price	X				X
Transition Plan	X				X
Scenario Analysis	X				X

## Initial Compliance Dates for Disclosure Requirements

### SEC Climate Disclosure Rules<sup>6,7</sup>

Registrant Type	Disclosure and Financial Statement Effects		GHG Emissions/Assurance			Electronic Tagging
	All Reg. S-K and S-X disclosures, other than as noted in this table	Item 1502(d)(2), Item 1502(e)(2), and Item 1504(c)(2) – Disclosures about material expenditures and impacts to financial estimates and assumptions	Item 1505 - Scopes 1 and 2 GHG emissions	Item 1506 - Limited Assurance	Item 1506 - Reasonable Assurance	Item 1508 - Inline XBRL tagging for subpart 1500 <sup>8</sup>
Large Accelerated Filers	FYB 2025	FYB 2026	FYB 2026	FYB 2029	FYB 2033	FYB 2026
Accelerated Filers (other than Smaller Reporting Companies and Emerging Growth Companies)	FYB 2026	FYB 2027	FYB 2028	FYB 2031	N/A	FYB 2026
Smaller Reporting Companies, Emerging Growth Companies, and Non-Accelerated Filers	FYB 2027	FYB 2028	N/A	N/A	N/A	FYB 2027

### CSRD

Entity	Criteria	When Required
“Large” companies with >500 employees	EU credit institutions, insurance companies, and companies designated as public interest entities by an EU member state, and All companies with securities (equity/debt) listed on EU regulated markets ( <i>includes U.S. companies</i> )	For FY starting on or after January 1, 2024

<p>“Large” companies, i.e., companies that meet two of the following (alone or on a consolidated basis with their controlled subsidiaries):</p> <p>i. &gt;250 employees;</p> <p>ii. balance sheet of &gt;EUR 25 million;</p> <p>iii. net turnover of &gt;EUR 50 million</p>	<p>EU companies</p> <p>All companies with securities (equity/debt) listed on EU regulated markets (<i>includes U.S. companies</i>)</p>	<p>For FY starting on or after January 1, 2025</p>
<p>SMEs</p> <p>i.e., companies that meet two of the following:</p> <p>i. balance sheet of &gt; EUR 450,000;</p> <p>ii. net turnover of &gt; EUR 900,000;</p> <p>iii. &gt;10 employees</p>	<p>EU companies listed on EU regulated markets</p> <p>All companies with securities (equity/debt) listed on EU regulated markets (<i>includes U.S. companies</i>)</p>	<p>For FY starting on or after January 1, 2026</p>
<p>Non-EU companies with “significant activities” in the EU</p> <p>(<i>includes U.S. companies</i>)</p>	<p>Non-EU companies with an EU net turnover of &gt; EUR 150 million, and either:</p> <p>(a) an EU subsidiary that is a “Large” company or has listed securities on EU regulated markets; or</p> <p>(b) a branch in the EU with a turnover of &gt; EUR 40 million.</p>	<p>For FY starting on or after January 1, 2028</p>

**CA Climate Laws**

<b>Bill</b>	<b>Compliance Start Date</b>
AB 1305 (annual)	<ul style="list-style-type: none"> <li>January 1, 2024<sup>9</sup></li> </ul>
SB 253 (annual)	<ul style="list-style-type: none"> <li>2026 – Scope 1 &amp; 2 (limited assurance)</li> <li>2027 – Scope 3</li> <li>2030 – Scope 1 &amp; 2 (reasonable assurance); Scope 3 (limited assurance)</li> </ul>
SB 261 (biennial)	<ul style="list-style-type: none"> <li>2026</li> </ul>

## Disclosure Channels

Location of Disclosure		
SEC	CA	CSRD <sup>5</sup>
<ul style="list-style-type: none"> <li>• Annual reports on Forms 10-K or 20-F</li> <li>• Registration statements on Forms S-1, S-3, S-4, S-11, F-1, F-3, and F-4</li> <li>• Scope 1 and Scope 2 GHG emissions may be filed in Quarterly Reports on Form 10-Q for the second fiscal quarter in fiscal year immediately following the year for which GHG emissions metrics disclosure relates and incorporate by reference into Form 10-K</li> </ul>	<ul style="list-style-type: none"> <li>• Publicly file disclosure with an emissions reporting organization for Scope 1, 2 and 3 disclosures of companies with &gt; \$1 billion in revenue (CA SB 253)</li> <li>• Company website for other disclosures</li> </ul>	<ul style="list-style-type: none"> <li>• Clearly identifiable section within the annual management (annual) report for the relevant FY</li> </ul>



## Detailed Disclosure

### Circumstances That Trigger Required Disclosure

	SEC	CA	CSRD <sup>4</sup>
<b>GHG Emissions</b>			
Scope 1	If material, beginning in 2027 (FY'26 information) for LAF and beginning in 2029 (FY'28 information) for AF (other than SRCs and EGCs)	Required beginning in 2026 (FY'25 information)	Required, unless a company concludes that climate change is not material, in which case it must provide a detailed explanation as to why climate is not material from a financial materiality or an impact materiality perspective  Optional two-year deferral for SMEs
Scope 2	If material, beginning in 2027 (FY'26 information) for LAF and beginning in 2029 (FY'28 information) for AF (other than SRCs and EGCs)	Required beginning in 2026 (FY'25 information)	Required, unless a company concludes that climate change is not material, in which case it must provide a detailed explanation as to why climate is not material from a financial materiality or an impact materiality perspective  Optional two-year deferral for SMEs
Scope 3		Required beginning in 2027 (FY'26 information)	Required, unless a company concludes that climate change is not material, in which case it must provide a detailed explanation as to why climate is not material from a financial materiality or an impact materiality perspective  Optional one-year deferral companies with less than 750 employees  Optional two-year deferral for SMEs
Limited Assurance	(1) Disclosure of GHG emissions beginning in 2030 (FY'29 information) for LAFs and 2032 (FY'31 information) for AFs and (2) not required	Required for Scope 1 and Scope 2 emissions beginning in 2026 (for FY'25 information)	Required

	to provide Reasonable Assurance		
Reasonable Assurance	Disclosure of GHG emissions beginning in 2034 (FY'33 information) for LAFs	Required for Scope 1 and Scope 2 emissions beginning in 2030 (for FY'29 information)	Likely required from 2028
<b>Climate-Related Risks and Opportunities<sup>10</sup></b>			
Risks	If such risks have materially impacted or are reasonably likely to materially impact a registrant's business strategy, results of operations and financial condition	Requires disclosure of climate related financial risk  Required on or before January 1, 2026, and every two years thereafter	If such risks (including both physical and transition risks) are material from a financial or impact perspective (i.e., double materiality), and are identified in companies' own operations and/or their upstream and downstream value chains  Must also disclose how the identified material risks interact with their strategies and business models, including the current and anticipated financial effects of these risks on their financials providing related quantitative disclosures, and including a description of whether such risks are reasonably likely to manifest in the short-term and separately in the long-term (i.e., beyond the next 12 months)
Opportunities			If such opportunities and impacts are material and identified in companies' own operations and/or their upstream and downstream value chains  Must also disclose how the identified material opportunities and impact interact with their strategies and business models, including the current and anticipated financial effects of these opportunities and impacts on their financials providing related quantitative disclosures
Risk Management	If a registrant has identified a material climate-related risk	Required on or before January 1, 2026	Must disclose the process used to identify and assess climate-related risks, opportunities and impacts, regardless of the materiality  Must disclose whether and how the sustainability-related risk management is integrated into the



			company’s overall risk management, including internal control procedures
Strategy	If a registrant has identified actual or potential material impacts of climate-related risks on strategy, business model, financial planning or capital allocation	Required on or before January 1, 2026	All covered companies must disclose elements of the strategy that relate to or impact sustainability matters (not limited to climate-related matters), business models and value chains
<b>Climate-Related Governance</b>			
Board	If the Board oversees, assesses, or manages climate-related risks		
Management	If management oversees, assesses, or manages climate-related risks		Must disclose whether management’s performance and remuneration are assessed against GHG emission reduction targets, if climate is found to be material
<b>Other</b>			
Targets and Goals	If climate-related target or goal has materially affected or is reasonably likely to materially affect a registrant’s business, results of operations, or financial condition	If an entity makes claims regarding the achievement of net zero emissions, claims that the entity, related entity, or a product is carbon neutral, or makes other claims implying that the entity, related entity, or a product does not add net carbon dioxide or GHGs to the climate or has made significant reductions to its carbon dioxide or GHG emissions (“Covered Claims”) <sup>9</sup>	Must disclose any climate-related targets set  Emission reduction targets must be gross targets and cannot include GHG removals, carbon credits or avoided emissions  Must describe whether the targets are based on conclusive scientific evidence and must provide target values for at least 2030 and, if available, 2050
Offsets/RECs	If carbon offsets or RECs are used as a material component of a registrant’s plan to achieve climate-related targets or goals	If an entity (1) purchases or uses voluntary carbon offsets and (2) makes Covered Claims  If a business entity is marketing or selling voluntary carbon offsets within CA	Offsets, GHG removals, and avoided emissions must be reported separately  Separate disclosure on GHG removals and the use of carbon credits must be accompanied by calculation methodologies and disclosures on the credibility and integrity of carbon credits used

<p>Financial Statement Metrics</p>	<p>Aggregate amount of expenses or losses equals or exceeds one percent of the absolute value of income or loss before income tax expense or benefit for the relevant fiscal year</p> <p>Aggregate amount of capitalized costs and charges incurred equals or exceeds one percent of the absolute value of stockholders' equity or deficit at the end of the relevant fiscal year</p> <p>Disclosure is not required if the amounts are less than \$100,000 and \$500,000, respectively</p>		<p>Must disclose the proportion of turnover, capital expenditures and operating expenses associated with sustainable activities as defined by the EU taxonomy regulation</p> <p>Must disclose the current and anticipated effects of material sustainability-related risks and opportunities (not limited to climate-related)</p> <p>Must provide a detailed quantitative breakdown of anticipated financial effects by material physical and material transition risks and opportunities, and reconcile these disclosures to line items and assumptions in their financial statements</p>
<p>Maintained Internal Carbon Price</p>	<p>If a registrant maintains an internal carbon price</p>		<p>Must describe policies adopted specifically to manage, mitigate, and remediate the material climate-related impacts, risks and opportunities identified, including whether they have an internal carbon pricing scheme on how this supports decision-making</p>
<p>Transition Plan</p>	<p>If a registrant has adopted a transition plan</p>		<p>Subject to materiality, companies must disclose their transition plans for climate change mitigation detailing GFG emission reduction targets, how these targets are compatible with limiting global warming to 1.5°C and how such plans will be financed. The scope of such transition plan is not limited to the climate-related risks and impacts identified as material</p>

			Not required if a transition plan is not in place, but a company would need to disclose this, and indicate whether and if a transition plan will be adopted
Scenario Analysis	If a registrant (1) uses a scenario analysis and (2) if, based on the results of such analysis, the registrant determines the climate-related risk is reasonably likely to have a material impact on its business		Required to describe their use of scenario analysis covering at least one high emissions climate scenario and one climate scenario aligned with the limiting of global warming to 1.5°C, including the parameters and assumptions used in each scenario

<sup>1</sup> This law is subject to the promulgation of implementing regulations that may provide additional detail about the specific disclosure required by this law.

<sup>2</sup> Companies that meet two of the following (alone or on a consolidated basis with their controlled subsidiaries): i. >250 employees; ii. balance sheet of >EUR 25 million; iii. net turnover of >EUR 50 million.

<sup>3</sup> Companies that meet two of the following (alone or on a consolidated basis with their controlled subsidiaries): i. >250 employees; ii. balance sheet of >EUR 25 million; iii. net turnover of >EUR 50 million.

<sup>4</sup> Companies that meet two of the following: i. balance sheet of > EUR 450,000; ii. net turnover of > EUR 900,000; iii. >10 employees.

<sup>5</sup> In addition to climate-related disclosures, the CSRD also requires disclosures relating to pollution, water and marine resources, biodiversity and ecosystems, resource use and circular economy, own workforce, workers in the value chain, affected communities, consumers, and end users, and business conduct, if material.

<sup>6</sup> Reflects final rule compliance dates prior to stay.

<sup>7</sup> As used in this chart, “FYB” refers to any fiscal year beginning in the calendar year listed.

<sup>8</sup> Financial statement disclosures under Article 14 will be required to be tagged in accordance with existing rules pertaining to the tagging of financial statements. See Rule 405(b)(1)(i) of Regulation S-T.

<sup>9</sup> California Assemblymember Jesse Gabriel, author of AB 1305, has submitted a letter to the California Assembly indicating the intended compliance start date of January 1, 2025, instead of January 1, 2024, but no action has been taken by the CA assembly.

<sup>10</sup> California S.B. 261, which covers companies doing business in California with revenues exceeding \$500 million, states that the financial risk report shall be “in accordance with” the framework and disclosures in the Task Force on Climate Disclosure (TCFD), which includes disclosure of climate risk management by a company’s board and management, scenario analysis, and financial metrics. These elements of disclosure are not directly included in the bill (and so not marked as such in this chart), but in view of the reference to the TCFD, companies should consider including the disclosure or at the least, monitoring how this “recommendation” is interpreted going forward.