Anthesis

CALIFORNIA SB 261 COUNTDOWN: POSITIONING COMPANIES FOR CLIMATE RISK COMPLIANCE

California's Climate-Related Financial Risk Act (SB 261) requires companies doing business in the state to file a climate-risk report by the beginning of 2026. That milestone is closer than it looks: the real work of preparing data, mapping climate risks, and drafting disclosures should begin soon to avoid a costly year-end scramble.

Requirements of California SB 261

SB 261 requires companies to assess and disclose how climate change poses risks to their business operations and what they're doing about it. Here's what you need to know:

Deadline for compliance: First report due on 1st January 2026, then biennially thereafter.

Who's covered? US companies with annual revenues >$500 million that conduct business in California.

Disclosure requirements: Climate-related financial risk; measures taken to reduce and adapt to those risks.

How to disclose: Report must be publicly accessible on your company's website

Penalties for non-compliance: Up to $50,000 per year in administrative fines

It's time to act

In our experience, it can take a few months to complete the work necessary to achieve compliance. While there are several months to the deadline, the time buffer quickly evaporates when you factor in time to select and contract a consultant as well as likely holiday downtime (summer vacation and the holiday season).

Additionally, we anticipate a year-end rush of companies scrambling to meet the deadline, who may find it hard to contract with experienced consultants at a reasonable price. The time to act is now.

Compliance without complexity

Most companies don't have dedicated sustainability staff fluent in climate risk analysis—and that's okay. Our SB 261 compliance offer guides organizations through the essentials to meet disclosure requirements and avoid penalties through a practical, efficient, and cost-effective process.

CA SB 261 Potential Requirements	Anthesis Deliverables
Assess climate-related financial risks.	Physical and transition risk assessments that articulate your company's scenarios and time horizons.
Report and disclose financially material climate risks.	Financial impact pathways depicting how identified climate risks may impact financial position and/or performance.
Adopt measures to reduce and apapt to climate-related financial risks.	Integrate climate risks into your company's enterprise risk management processes through recommendations.
Report and disclose climate-related risks and measures adopted to reduce and adapt to them, in accordance with TCFD or IFRS.	A climate risk report with disclosures aligned with TCFD.

Value creation from compliance

We always encourage our clients to view this compliance obligation as a value-creation opportunity. SB 261 compliance can uncover risk mitigation and adaptation strategies that protect long-term operations and resilience. In addition, climate risk analysis is increasingly expected by customers, investors, and other stakeholders. These compliance efforts can serve as a springboard for broader climate risk management, positioning your company for long-term success in a rapidly evolving regulatory and market landscape. For these reasons, starting sooner and taking a thoughtful approach can pay dividends.

Support your company on the path to compliance. Contact us to learn more:

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We are also supporting companies prepare for SB 253. If you need advice on reporting your Scope 1, 2 and 3 greenhouse gas emissions please don't hesitate to get in touch, we'd love to hear from you.