

California Sets the Pace for Climate Regulation: Can Suppliers, Vendors and Contractors Meet Rising Client Demands?

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California is setting a powerful precedent in climate regulation with its expansive new climate disclosure laws, now affecting more than 4,000 companies across the country—including many of America’s largest corporations. The California Air Resources Board (CARB)’s recently published list spotlights how Fortune-ranked multinationals and other large enterprises, regardless of where they are headquartered or their ideological leanings, must now comply with these rigorous standards if they want to continue operating in the state.

California’s new climate disclosure deadlines are rapidly approaching, bringing a sense of urgency for large businesses operating in the state. The first major milestone is January 1, 2026, when companies with over \$500 million in annual revenues are required to publish their inaugural climate-related financial risk reports covering the previous fiscal year. For those subject to SB 253, direct (Scope 1) and indirect (Scope 2) greenhouse gas emissions disclosures—validated by a third party—must be filed by June 30, 2026, using 2025 data.

The state’s sweeping requirements expand even further in 2027, when companies must begin reporting on Scope 3, or value chain, emissions arising from everything from supplier operations to customer product use. These deadlines signal a definitive shift in how climate risk and emissions transparency are governed, underscoring the urgency for qualifying businesses to launch cross-functional compliance and data collection efforts now if they haven’t already started.

Who Must Report

The law’s reach is sweeping: the roster includes 4,160 U.S. companies, most of which are prominent S&P 500 constituents or among the Fortune 500, spanning industries from



finance to manufacturing and tech. Notably, only about 40% of these businesses are actually headquartered in California, meaning that nearly 2,500 out-of-state companies- New York-based banks, Texas energy giants, Midwest manufacturers, and more-fall under the law's jurisdiction simply by virtue of doing business in California. It doesn't matter if a company's leadership or investor base favors more lenient or restrictive climate regimes; the decisive factor is in their California market presence.

A review of the top companies required to comply with California's new climate disclosure laws reveals several major financial and healthcare institutions, many of which are Fortune 500 firms and headquartered across various U.S. states. Below is a selection of a dozen notable names from these two critical sectors:

Financial Institutions

- JPMorgan Chase & Co. (Fortune 100, headquartered in New York)
- Bank of America Corporation (Fortune 100, headquartered in North Carolina)
- Wells Fargo & Company (Fortune 100, headquartered in California)
- Citigroup Inc. (Fortune 100, headquartered in New York)
- Goldman Sachs Group, Inc. (Fortune 500, headquartered in New York)
- Morgan Stanley (Fortune 500, headquartered in New York)

Healthcare Institutions

- UnitedHealth Group Incorporated (Fortune 10, headquartered in Minnesota)
- CVS Health Corporation (Fortune 10, headquartered in Rhode Island)
- McKesson Corporation (Fortune 10, headquartered in Texas)
- Cigna Group (Fortune 15, headquartered in Connecticut)
- Cardinal Health, Inc. (Fortune 20, headquartered in Ohio)
- AmerisourceBergen (now Cencora, Inc.) (Fortune 10, headquartered in Pennsylvania)

These corporations represent both the Fortune 500 elite and large private sector players with significant operations in California. The inclusion of such major players from coast to coast underscores the broad jurisdictional impact of these laws and signals a new compliance baseline for any large company operating in California, setting a precedent that could force similar transparency and sustainability efforts across the broader U.S. economy.

Foreign Companies Included

The disclosure laws also impact international giants with significant business activity in California. This includes some of the world's most recognized multinational corporations:

- Toyota Motor Corporation (Japan)
- BP (British Petroleum, United Kingdom)
- Royal Dutch Shell (Netherlands/United Kingdom)
- Nestlé S.A. (Switzerland)
- Siemens AG (Germany)
- Novartis AG (Switzerland)
- SAP SE (Germany)
- Sanofi S.A. (France)
- Honda Motor Co., Ltd. (Japan)
- GlaxoSmithKline plc (United Kingdom)
- Unilever PLC (United Kingdom/Netherlands)
- Panasonic Holdings Corporation (Japan)

These companies, spanning automotive, energy, food & beverage, pharmaceuticals, and technology, must now prepare annual climate disclosures to maintain access to California's lucrative and influential marketplace. This shift could prompt multinational companies to harmonize their climate reporting frameworks on a worldwide basis to reduce compliance complexity and risk.

[Download the List \(XLS\)](#)

Unyielding Compliance

California's SB 253 compels companies with at least \$1 billion in annual revenue conducting

Helping You Deliver Climate Compliance to Your Big Clients

 <p>Templates: Customizable climate reporting frameworks</p>	 <p>Digital Evidence: Cloud-based storage for audit trails</p>	 <p>Easy Supplier Tools: Simplified data collection for partners</p>
 <p>Analyst & Expert Support: On-demand sustainability guidance</p>	 <p>Audit Prep: Compliance readiness workflows</p>	 <p>Competitive Edge: Differentiation through climate leadership</p>

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business in

California to publicly disclose direct emissions (Scope 1 and 2) as well as up- and down-stream value chain emissions (Scope 3), which include everything from supply chains to water usage. SB 261 widens the net by requiring companies with revenue above \$500 million to publish annual reports analyzing climate-related financial risk, and describing how they intend to mitigate or adapt to those risks.

This turning point is crucial: any large company, domestic or foreign, with customers or operations in California now faces legal obligations more stringent than many federal requirements.

Corporate Implications and Sustainability Impact

For IT, recycling and asset-intensive sectors, the implications are broad and deep. Compliance with Scope 3 reporting will force organizations to interrogate their supply chains, product lifecycles, and even employee commuting patterns. Many will need to overhaul their emissions tracking, disclosure systems, and procurement protocols, which translates to significant investment in sustainability data infrastructure and reporting expertise.

- Specific to global ITAD (IT asset disposition) firms, they will need to provide clients with robust traceability on retired electronics, recycled materials, and waste streams—a trend likely to accelerate demand for sustainable IT services and transparent, auditable chain-of-custody reporting.
- This push for supply chain transparency can fundamentally reshape vendor relationships, contract terms, and enterprise risk management. For IT sustainability leaders, this signals a new era of pragmatic accountability driven not by voluntary pledges, but by enforceable state law.

California's SB 253 establishes some of the nation's strictest corporate climate disclosure requirements, obligating large businesses—including many Fortune 500 and international firms—to annually report their direct (Scope 1), indirect (Scope 2), and value chain (Scope 3) greenhouse gas emissions using standardized protocols. The law mandates independent third-party verification for much of this data, with public disclosures submitted to a digital registry overseen by the California Air Resources Board (CARB). Alongside SB 261, which requires biennial climate risk reports, these rules mark a turning point: both U.S. and foreign companies must adopt rigorous carbon accounting and climate risk management practices to maintain access to California's vast consumer and capital markets. By setting a new national benchmark for transparency and accountability, California's approach signals that ESG compliance is no longer optional for companies with significant business in the state.

The Bottom Line for Industry

California's disclosure laws mark a decisive shift in sustainability compliance, setting a bar that many other states—and potentially countries—may emulate. The corporate scramble is intensifying among Fortune firms, regional enterprises, and international conglomerates seeking to align business practices, not only to avoid penalties, but to sustain long-term access to California's powerhouse economy. In effect, sustainability governance in the U.S.

is being calibrated from the state level up, with California's rules serving as a template for what's next in climate and ESG compliance-whether companies are ready, or not.

Companies covered by California's SB 253 are required to report on a set of standardized areas, not just metrics of their own choosing. The law outlines specific categories and methodologies to ensure disclosures are comparable, comprehensive, and audit-ready.

Major Reporting Areas Required

- **Scope 1 Emissions:** Direct greenhouse gas (GHG) emissions from sources owned or controlled by the company (e.g., company vehicles or on-site fuel combustion).
- **Scope 2 Emissions:** Indirect GHG emissions from the generation of purchased electricity, steam, heating, or cooling consumed by the company.
- **Scope 3 Emissions:** Indirect emissions that occur both upstream and downstream in the value chain. This includes:
 - Purchased goods and services
 - Capital goods
 - Business travel and employee commuting
 - Transportation and distribution
 - Waste generated in operations
 - Use of sold products
 - End-of-life treatment of sold products
 - Leased assets
 - Investments
- **Climate-Related Risk Disclosures (SB 261):**
 - Analysis of physical and transition climate risks
 - Measures for risk mitigation and adaptation
 - Impact of climate risk on business, operations, and financial planning.

Standardization Versus Flexibility

These requirements are highly standardized. Companies must use established protocols such as the Greenhouse Gas Protocol for emissions reporting, and their disclosures must follow detailed guidelines issued by the California Air Resources Board (CARB). Firms cannot simply "pick and choose" which metrics or methodologies to disclose-consistent, comparable data is mandated to ensure regulatory integrity and public accountability.



Your Checklist: Preparing to Support Large Clients' Climate Disclosure

To successfully win and retain business with large clients, companies must move beyond basic service delivery and build robust climate compliance processes. Increasingly, corporates are tightening environmental standards for suppliers, demanding digital evidence, standardized documentation, and rapid audit response. For many small and midsize businesses, these requirements can be complex and resource-intensive to manage alone.

That's where Compliance Standards comes in. We specialize in making compliance simple, scalable, and genuinely supportive-equipping SMBs with the exact templates, guidance, and expert access needed to meet big-client expectations and regulatory obligations. Whether you need help mapping your asset flows, organizing evidence, or preparing for client assurance reviews, Compliance Standards delivers the practical tools to stay ahead in a fast-evolving climate compliance landscape. As large corporations raise the bar for climate and sustainability reporting, their suppliers must be ready with transparent data, standardized documentation, and audit-ready records. Small and midsize businesses serving major clients often feel overwhelmed by these expectations-but the right tools and guidance make a real difference.

Compliance Standards is designed for SMBs in this exact position. We help you break down climate disclosure requirements into clear steps, so you can organize your data, improve your processes, and confidently support your clients' compliance needs. With customizable templates, expert assistance, and digital evidence solutions, you'll be prepared for both immediate client requests and future regulatory changes.

How do we organize the work and accompany clients to meet their customers' needs?

1. Understand Client Reporting Requirements

- Identify what climate data, Scope 3 details, and documentation your large clients will need.
 - **CS Help:** Interpret regulatory/client demands and provide checklists and training.

2. Map and Document Asset Flows

- Know exactly what happens to each asset (from pickup to final disposition).
 - **CS Help:** Supply chain-of-custody templates and best practice process mapping.

3. Standardize Data Collection

- Collect all relevant data at every stage: quantities, destinations, logistics, certifications, etc.
 - **CS Help:** Ready-to-use data collection templates, step-by-step guides, and digital evidence systems.

4. Verify and Package Compliance Evidence

- Prepare audit-ready documentation (certificates, manifests, recovery rates, CO2 estimates).
 - **CS Help:** Review and organize documents; build digital compliance packs.

5. Assess Supplier Readiness

- If you use subcontractors, request their emissions/process data and ensure their compliance.
 - **CS Help:** Supplier engagement tools and pre-drafted request templates.

6. Engage Experts for GHG Calculations

- Quantify your process emissions and recycling impact.
 - **CS Help:** On-demand access to analyst/expert support for calculations and attestation.

7. Prepare for Client Audits/Reviews

- Anticipate client requests for walkthroughs, file checks, or evidence.
 - **CS Help:** Compliance readiness drills and mock audits.

8. Communicate Clearly With Clients



- Provide regular summaries, documentation, and status updates.
 - **CS Help:** Customized reporting frameworks to keep your communication audit-

9. Improve Processes for Ongoing Compliance

- Adjust practices as regulations, client requirements, or standards evolve.
 - **CS Help:** Continuous improvement advisory and monitoring check-ins.

With Compliance Standards:

Your clients can confidently meet their big-client disclosure needs with clear, efficient, and audit-ready workflows-without the high cost of hiring a full compliance or sustainability team.

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