



INVESTOR TOOLKIT: California Air Resources Board Request for Information About the California Climate-Risk Disclosure Rules

On December 16, 2024, the California Air Resources Board (CARB) [solicited feedback](#) to help inform CARB's work to implement Senate Bills (SB) 253, 261, and 219. These bills mark an important step towards climate-related disclosures and could become a de facto national standard for climate risk financial reporting.

It is essential that CARB receives many letters in support of a comprehensive corporate climate disclosure framework before the **March 21, 2025** closing date for public comments. We urge US SIF members to submit a response. Please let us know if we can help.

This toolkit will provide you with background information about the bills, a sample comment letter you can customize and submit to CARB, and instructions on how to submit your comment.

Background- What's in SB 253, 261, and 219?

In 2023, the California legislature passed [Senate Bill \(SB\) 253](#), the Climate Corporate Data Accountability Act, and [SB 261](#), the Climate-Related Financial Risk Act.

SB 253, the Climate Corporate Data Accountability Act, mandates scope 1, 2, and 3 greenhouse gas emissions reporting for all public and private companies doing business in California with more than \$1 billion in annual revenue. SB 253 also requires third-party assurance of reported data.

SB 261, the Climate-Related Financial Risk Act, mandates disclosure of climate-related financial risks and mitigation strategies for all public and private companies doing business in California with more than \$500 million in annual revenue.

US SIF created a guide summarizing SB 253 and SB 261. View the guide [here](#). Since publication, Governor Gavin Newsom signed SB 219 into law in September 2024. [SB 219](#) amends SB 253 and SB 261. Notably, SB 219 granted a 6-month extension to the California Air Resources Board (CARB) to adopt guidelines for implementing SB 253 to July 1, 2025. CARB also has the power to decide the specific deadline for Scope 3 emissions disclosure in 2027. SB 219 eliminated the fee payments for both SB 253 and 261, and SB 219 allows for consolidated reporting for parent companies.

How to Submit Your Comment

Comments may be [submitted here](#) on CARB's website **by March 21, 2025**.

CARB requests that you reference the question number that you are answering in your responses. You can view the [questions here](#).

CARB will use all submitted comments to inform its work on implementing SB 253 and SB 261. The laws require that the final rules be published by July 1, 2025.

Key Messages

- The California Climate-Disclosure Legislation creates an important regime that will provide investors in California and the broader capital markets with the comparable and reliable information they need to assess public and private companies' climate-related financial risks.
- The National Centers for Environmental Information (NCEI) [cataloged](#) 27 individual climate and weather disasters costing over \$1 billion each in 2024. The total cost of these 27 events is estimated to be \$187.2 billion, making 2024 the fourth costliest year on record.
- As of January, the Los Angeles wildfires are [predicted](#) to generate between \$250 and \$275 billion in economic loss.
- Climate risk is financial risk. The *US SIF Sustainable Investing Trends 2024/2025 Report* found that climate change is the most frequently considered environmental factor by investors (80%).
- The *Trends Report* also found that companies reporting headline climate-related risk to the Securities and Exchange Commission (SEC) have grown threefold since 2018.
- According to McKinsey & Company, companies managed with a long-term view substantially [outperform](#) their short-term peers over time.
- Without adequate climate risk disclosures, investment fiduciaries will not have the information they need to implement their fiduciary duties toward the assets of American long-term savers.
- In response to question 3 about external standards and question 13 about what climate risk disclosures companies are already reporting, we recommend that CARB explore transitioning to the International Sustainability Standards Board (ISSB) framework over time.
 - As of November 2024, over 1,000 companies and 30 jurisdictions are [using](#) this framework.

Sample Comment Letter

[Firm letterhead]

[Date]

To: California Air Resources Board

From: [Insert Firm or Name]

Re: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219

On behalf of [Insert Firm Name], I welcome the opportunity to provide this comment letter in response to the “Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219.” The California Climate-Disclosure Legislation creates an important regime that will provide investors in California and the broader capital markets with the comparable and reliable information they need to assess public and private companies' climate-related financial risks.

[Insert paragraph about your firm. Consider including what your firm does, what your AUM (if you have AUM) is, and what type of clients you serve.]

Climate risk is financial risk. The National Centers for Environmental Information (NCEI) [cataloged](#) 27 individual climate and weather disasters costing over \$1 billion each in 2024. The total cost of these 27 events is estimated to be \$187.2 billion, making 2024 the fourth costliest year on record. Of course, this calculation does not include the recent devastating wildfires in Los Angeles, which, as of January, are [predicted](#) to generate between \$250 and \$275 billion in economic loss.

Investors have been calling for increased disclosure around climate-related risks and other long-term systemic risks for decades because they recognize the impact these factors have on their financial returns.

Both investors and companies acknowledge that climate change has a material impact on business. The *US SIF Sustainable Investing Trends 2024/2025 [Report](#)* found that climate change is the most frequently considered environmental factor by investors (80%). The report also found that companies reporting headline climate-related risk to the Securities and Exchange Commission (SEC) have grown threefold since 2018. In particular, the LA wildfires and other natural disasters emphasize the need for increased information about the financial impacts of physical climate risks. It is essential, therefore, that the rules adopted by CARB include reporting from companies on the corporate value at risk from the physical impacts of climate change and on what companies are doing to build resilience to these risks.

Opponents of climate change reporting often misstate both investor and corporate fiduciary duties. They typically refer to only some of the applicable investor and corporate legal duties, focusing exclusively on short-term issues. Both investor

fiduciaries and corporate directors have long-term legal obligations that make climate change highly financially relevant. This myopic fixation on only short-term risks and opportunities will likely undermine American companies' long-term competitive position and, therefore, impact domestic investor returns. According to McKinsey & Company, companies managed with a long-term view substantially [outperform](#) their short-term peers over time. The California climate disclosure rules are being developed against this backdrop of long-term vs. short-termism. Without adequate climate risk disclosures, investment fiduciaries will not have the information they need to implement their fiduciary duties toward the assets of American long-term savers.

In response to question 3 about external standards and question 13 about what climate risk disclosures companies are already reporting, we recommend that CARB explore transitioning to the International Sustainability Standards Board (ISSB) framework over time. As of November 2024, over 1,000 companies and 30 jurisdictions are [using](#) this framework. Therefore, streamlining the California requirements with what a significant number of companies and jurisdictions are already using would be beneficial to investors, companies, and regulators. As of October 2023, the Task Force on Climate-related Financial Disclosures (TCFD) [disbanded](#) because the ISSB standards represent the “culmination of the work on the TCFD.”

When developing the California climate risk disclosure rules, CARB should consider the physical risks associated with climate change, the fiduciary duties that investors have to long-term savers, and transitioning to ISSB reporting over time.

Thank you for considering these comments.

Sincerely,

Name

Title

Additional Resources

If you need any additional resources for your comment or have any questions, don't hesitate to reach out to US SIF's Director of Policy, Rachel Curley, at rcurley@ussif.org.

CARB

[Request for information](#); [Press release](#)

[View public comments already filed](#)

Content

[Summary of California Climate Disclosure Bills](#), Skadden

[Summary of California Climate Disclosure Bills and Compliance Guide](#), Planet Forward

[Consolidation of TCFDs and CDP into ISSB](#), IFRS

[December 2024 – Where does the world stand on ISSB adoption?](#), S&P Global

[Physical Climate Risks: Designing a resilient response to the inevitable impact of Climate Change](#), Impax Asset Management, October 2021

[Climate Change and Financial Stability](#), Federal Reserve, March 2021

[Background on Investor Fiduciary Duties](#), Fiduciary Duty and Policy Working Group of the Intentional Endowments Network, June 2021