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September 15, 2023

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

RE: SB 261 (Stern) Climate-Related Financial Risk Act - REQUEST FOR SIGNATURE

Dear Governor Newsom:

I write to respectfully request your signature for Senate Bill 261, the Climate-Related Financial Risk Act, which would require corporations, financial institutions, and insurers to report on climate-related financial risk. California has an opportunity to lead our nation and the globe by setting the standard for climate risk reporting. We urge you to maintain California's climate leadership with your signature on this landmark bill.

As Californian, Ocean Conservancy board member and founder of Generation Investment Management, Colin LeDuc, along with our CEO Janis Searles Jones said in an [op-ed](#) published last week:

"Just because a risk isn't disclosed doesn't mean it doesn't exist. Californians are already living the reality of climate change: 2023 began with extreme rainfall, flash floods, and mudslides, causing over \$30 billion in damages by the end of January. Fast forward to August and we've blown through air and ocean temperature records across the country. Severe weather events, fueled by a warming ocean, are just some of the ways that the climate crisis is ruining homes, lives, and businesses. Coastal communities are bearing the brunt, and it's costing us dearly. Across the U.S., climate-driven disasters caused over \$175 billion in damages in 2022. Investors – and this includes every Californian with a retirement account – have the right to know about the climate risks companies face and their plans for managing them."

Voluntary disclosures of these risks aren't enough. SB 261 would require comprehensive and mandatory climate risk disclosures that are desperately needed at a statewide level to enable informed decision-making on the climate crisis's systemic impacts on capital markets. Accurate and timely disclosure of how climate risks impact a company's finances will facilitate the transparency key to a well-functioning economy.

"The clean energy transition is creating some of the biggest growth opportunities in our economy, boosted by last year's Inflation Reduction Act that brought major incentives for building sustainable companies. Improved disclosure will equip investors to identify and

support those companies that are innovating to meet the needs of our society, manage the risks involved, and reward their investors.

By requiring transparency about how companies and asset managers are making decisions that affect the future of their businesses and the planet, California can lead the way. Only then can investors make informed decisions and work together with companies to build a clean energy economy that protects the climate, our coastal communities, and the ocean.”

The impact of this law will be felt around the world. For these reasons, we strongly support SB 261 and urge you to sign this critical measure into law.

Sincerely,

Aarthi Ananthanarayanan
Director, Climate and Plastics Initiative, Ocean Conservancy