

The California Legislature passed two path-breaking climate risk disclosure bills this week. Both bills now go to Governor Gavin Newsom's desk where he has until October 14th to sign them.

[Senate Bill 261](#) (Stern) requires major corporations to disclose climate change related financial risks, using a framework consistent with that of the [Task Force on Climate Financial Disclosures Framework \(TCFD\)](#).

CLEE's [Climate Risk Initiative](#) first recommended that California require financial institutions and other corporations to disclose financial risks associated with climate change using the TCFD Framework in our [California Responsible Investment Roadmap](#) which we published in 2020 in partnership with the United Nations Principles for Responsible Investment (PRI).

We convened legislative leaders, agency leaders and financial experts to share the recommendation and further refine it. We then drafted state legislation to require disclosure of climate change-related financial risks, which was introduced by California State Senator Henry Stern as [SB 449](#) (Stern) in the 2021-2022 session. We also convened environmental organizations and investor coalitions concerned about the financial risk of climate change to share our recommended legislation.

While SB 449 was held in the Appropriations Committee in 2022, Senator Stern re-introduced the bill with amendments as SB 261 in 2023. Thanks to the hard work of Senator Stern, his co-authors, CERES (which sponsored SB 261 and its predecessor SB 441), and a long list of supporters, SB 261 was passed by both houses of the California Legislature this week despite strong opposition from the California Chamber of Commerce.

The second major climate disclosure bill to pass this week is [SB 253](#) (Wiener), which requires major corporations to disclose their [Scope 1, 2 and 3](#) greenhouse emissions. This bill, like SB 261, would be the first of its kind to be enacted anywhere in the United States.

Both bills now await the Governor's signature. Governor Gavin Newsom has the opportunity to demonstrate leadership once again with regard to combating climate change and sign into law two critically important climate disclosure bills. Should he do so, he will be setting a national standard for greenhouse gas emissions disclosure as well as climate-related financial risk disclosures, at the same time that the SEC is still considering what standard to set for disclosures by public companies and while other federal financial regulators continue to lag behind their European and Asian colleagues with regard to requiring corporations and financial institutions to disclose both greenhouse gas emissions and climate-related

financial risks