



OFFICE OF THE GOVERNOR

OCT 07 2023

To the Members of the California Senate:

I am signing Senate Bill 261 which would require, among other things, businesses with total annual revenues over \$500 million and operating in California, beginning January 1, 2026, and biennially thereafter, to develop a report on its climate-related financial risks.

This policy will illustrate the real risks of climate change for businesses operating in California and will encourage them to adopt practices that seek to minimize and avoid these risks. However, the implementation deadlines fall short in providing the California Air Resources Board (CARB) with sufficient time to adequately carry out the requirements in this bill. I am directing my Administration to work with the bill's author and the Legislature next year to address this issue.

Additionally, I am concerned about the overall financial impact of this bill on businesses, so I am instructing CARB to closely monitor the cost impacts as it implements this new bill and to make recommendations to streamline the program. I look forward to working with the Legislature on these outstanding items to ensure that the bill's intent is achieved.

Sincerely,


Gavin Newsom

