

MEMO# 35728

June 3, 2024

ICI Advocacy on California Climate Accountability Package

[35728]

June 03, 2024

TO: ICI Members

ESG Advisory Group

SEC Rules Committee SUBJECTS: ESG RE: ICI Advocacy on California Climate Accountability Package

Governor Newsom signed into law the "California Climate Accountability Package" on October 7, 2023.^[1]

Under the Climate Corporate Data Accountability Act, reporting entities doing business in California will have to annually disclose their Scopes 1 and 2 greenhouse gas emissions (beginning in 2026) and Scope 3 greenhouse gas emissions (beginning in 2027) to the California Air Resources Board (CARB), pursuant to regulations to be developed by CARB. Under the Climate-Related Financial Risk Act, any covered entity must report, by January 1, 2026 (and biennially thereafter), their climate-related financial risk as well as steps undertaken to reduce such risks.

ICI sent the attached letters to Governor Newsom and state legislators advocating that: 1) investment companies be excluded from the reporting requirements of both Acts; and 2) consistent with the Greenhouse Gas Protocol, reporting on managed assets be permitted but not required.

Joshua Weinberg
Associate General Counsel, Securities Regulation

Note

^[1] For a summary of California's Climate Accountability Package, see ICI Memo 35482 (Oct. 10, 2023), available at <https://www.ici.org/memo35482>. The legislation has been challenged in court. For a summary of the legal challenge, see ICI Memo 35606 (Jan. 21, 2024), available at <https://www.ici.org/memo35606>.

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