



a CA Independent Registered Investment Advisor IARD # 263660

March 14, 2025

To: California Air Resources Board

Transformative Wealth Management, LLC

Re: Information Solicitation to Inform Implementation of California Climate-Disclosure

Legislation: Senate Bills 253 and 261, as amended by SB 219

On behalf of Transformative Wealth Management, LLC, we 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.

Our firm specializes in Stewardship and Impact Investing. We have approximately \$50 Million in assets under management. Our clients are concerned about the environmental and financial risk and danger from climate change to their investments as well as other social justice issues associated with them. They believe that full disclosure is necessary in order to be able to understand how to deal with the added risk from corporations doing business in our communities.

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



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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,

A handwritten signature in blue ink, appearing to read "Allan Moskowitz", is written over a horizontal line.

Allan Moskowitz, CFP®, AIF®

Principal