Boston Trust Walden
Principled Investing.

March 21, 2025

Re: Information Solicitation to Inform Implementation of California Climate-Disclosure Legislation: Senate Bills 253 and 261, as amended by SB 219

Dear California Air Resources Board,

Boston Trust Walden Company is an independent, employee-owned investment management firm with approximately $16.7 billion in assets under management.[1] We seek to invest in enterprises with strong financial underpinnings, sustainable business models, prudent management practices, and a governance structure that supports these objectives. Consideration of financially material impacts presented by climate risk is part of our fiduciary duty to ensure client assets are invested in a set of securities well situated to produce attractive risk-adjusted returns over full market cycles.

We 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 will help provide investors with comparable and reliable information we need to assess companies' climate-related financial risks.

The changing climate is an extraordinary challenge with far-reaching economic, environmental, and societal implications, creating risks and opportunities for companies and investors. For companies, climate risk may manifest directly in the form of physical risks (e.g., extreme weather, drought, flooding, wildfire) and/or transition risks (e.g., technology shifts, rising commodity costs). Companies may also face indirect (e.g., supply chain) and systemic risks (e.g., economy-wide impacts on worker productivity due to heat stress).

For investors, consistent and comparable disclosures are needed to understand how companies are evaluating, preparing for, and managing these risks and opportunities. Senate Bills 253 and 261, as amended by SB 219, will support investor access to decision-useful disclosure that will better inform understanding of the financial risks facing markets today. Please find below responses to a selection of the specific questions posed.

Question 3b. How could CARB ensure reporting under the laws minimizes a duplication of effort for entities that are required to report GHG emissions or financial risk under other mandatory programs and under SB 253 or 261 reporting requirements?

To minimize duplication of reporting efforts, CARB should seek to align requirements and implementation guidance with the ISSB standards, IFRS S1 and IFRS S2, to the greatest extent possible and practical.

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[1] AUM as of December 31, 2024. Includes the combined assets of Boston Trust Walden Company and its wholly-owned investment adviser subsidiary, Boston Trust Walden Inc.

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Since 2017, Boston Trust Walden has served as a member of the Sustainable Accounting Standards Board (SASB) Investor Advisory Group, now the ISSB Investor Advisory Group, to support the development of a globally recognized framework for consistent, comparable, and reliable disclosure of financially material, decision-useful sustainability-related information. As an asset manager integrating financially material ESG-related information into investment decision-making, we are greatly encouraged by the prospects of the IFRS Sustainability Disclosure Standards to improve the consistency, comparability, reliability, and decision-usefulness of sustainability-related risks and opportunities disclosure globally. Currently, 30 jurisdictions, representing nearly 60% of global GDP, require or are planning to require ISSB Standards application in their legal or regulatory disclosure frameworks. [2]

Maintaining a high degree of alignment with the ISSB climate standard (IFRS S2) is critical to enhancing investor access to timely, consistent, and comparable sustainability disclosures while simplifying reporting obligations for companies. A growing number of jurisdictions and regulators have adopted or are actively considering adopting sustainability disclosure standards based on the ISSB Standards. In fact, select jurisdictions -- including Canada, Indonesia, and South Korea -- have proposed a climate-first approach, prioritizing reporting requirements aligned with IFRS S2, ahead of S1.

Sector-based disclosure frameworks are also taking steps to ensure alignment. For example, in the banking sector, both the Basel Committee on Banking Supervision's proposed Pillar 3 disclosure framework for climate-related financial risks *and* the Canadian Office of the Superintendent of Financial Institutions' (OSFI) recent update to Guideline B-15 are grounded in the reporting requirements of IFRS S2.

These examples demonstrate the need for CARB to ensure alignment with the ISSB standards to the greatest extent possible and practical, in order to reduce the reporting burden for companies subject to cross-jurisdictional reporting requirements.

Question 10. For SB 261, if the data needed to develop each biennial report are the prior year's data, what is the appropriate timeframe within a reporting year to ensure data are available, reporting is complete, and the necessary assurance review is completed?

Climate risks can present potentially material financial risks. Therefore, we support the alignment of disclosures required under SB 261 with traditional financial reporting. Doing so, ensures timely access to this decision-useful information, enabling investors to assess companies' climate-related financial risks.

The ISSB Standards require entities to align publication of sustainability-related financial disclosures with the related financial statements. Under SB 261, entities have the option to fulfill the reporting obligation using the ISSB standard; for entities aligning to this standard, the relevant climate risk disclosures would be available annually in line with its financial statements. Therefore, we

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[2] IFRS Foundation (2024). *Progress on Corporate Climate-related Financial Disclosures- 2024 Report. https://www.ifrs.org/content/dam/ifrs/supporting-implementation/issb-standards/progress-climate-related-disclosures-2024.pdf*

recommend CARB avoid setting deadlines for reporting under SB 261 that would fall prior to an entity's applicable financial reporting deadline, as this may introduce challenges for the preparers. Moreover, aligning the disclosure timeline with financial reporting may also create efficiencies in meeting future assurance requirements.

We appreciate the opportunity to provide response to the questions offered and thank you for your consideration of our comments.

Sincerely,

Amy D. Augustine

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Director, ESG Investing
Boston Trust Walden

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