



**OFFICE OF
STATE TREASURER
DENISE L. NAPIER**

NEWS

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Nappier Urges Connecticut Companies to Consider Risks and Opportunities Posed by Climate Change

*Treasurer calls for assessment of financial, business implications;
Says information will help businesses and shareholders*

State Treasurer Denise L. Nappier is calling on Connecticut companies to consider the potential opportunities and risks associated with climate change and the resulting regulatory actions around the world, saying that it's in the best interest of the companies' bottom line, and investors, for corporations to undertake a thorough assessment.

Nappier, principal fiduciary of the \$20 billion Connecticut Retirement Plans and Trust Funds and Connecticut's chief elected financial official, has been a leading voice among institutional investors seeking information from companies on behalf of shareholders on the issue.

"Just as climate change poses risks to all the companies in which the pension fund invests, it potentially poses those same risks to every company – every employer – in Connecticut," Nappier said. "There will be changes in the Connecticut economy – both from the effects of climate change and from the necessary changes we need to make to mitigate the impact of climate change."

In testimony submitted to the state legislature's Environment Committee, Nappier recently said that "Connecticut companies should be encouraged to evaluate the potential opportunities and risks of climate change, and work to develop a strategic plan to mitigate those risks and hopefully take advantage of new business opportunities."

Nappier's comments come as the legislature considers the state's Climate Change Action Plan, which was developed by the Governor's Steering Committee on Climate Change to develop a multi-sector, comprehensive climate change action plan, including policies and programs necessary to achieve the state's goals for the reduction of greenhouse gas emissions by 2010 and 2020.

"Connecticut has long been recognized for the remarkable ingenuity and inventiveness of our workforce and our business leaders. In my view, climate change presents an historic opportunity for Connecticut to be a solid leader in the advance of technological change in

CONTACT: **BERNARD L. KAVALER**
DIRECTOR OF COMMUNICATION
(860) 702-3277 FAX (860) 702-3043
BERNARD.KAVALER@PO.STATE.CT.US

this area, which will benefit our businesses, our economy, and ultimately all of our people,” Nappier said.

“Increasingly, companies are getting the message that it is in their interest to consider the financial and business implications of climate change. We have had some successes – beginning with the ground breaking study and report written at our behest by the board of directors of American Electric Power (AEP) last year,” Nappier said.

AEP is the largest emitter of CO₂ in the country; CO₂ being the primary greenhouse gas. Others in the industry have followed AEP's lead, including international energy firms Cinergy, TXU and Southern. Shareholder resolutions seeking assessments on climate risk have been filed at a record 31 companies this year, including resolutions offered by the Connecticut pension fund at GM and Ford.

Nappier noted that the Connecticut Treasury, along with other institutional investors, is also continuing efforts to have the Securities and Exchange Commission require more detailed disclosure by companies.

Treasurer Nappier co-chaired the first *Institutional Investor Summit on Climate Risk* at the United Nations in November of 2003, and will co-chair a second summit at the United Nations this May. The 2003 Summit brought together over 250 investors and other leaders representing over \$1 trillion in assets.

Nappier also called on the State's economic development agencies to consider the implications of a future economy impacted by climate change, and operating in a carbon-constrained economy, telling lawmakers that climate change will have “increasing ramifications” on “Connecticut's economy, its employers, and everyone who works and lives in our state.”

Her comments come as the Kyoto Protocols, which requires dozens of industrialized countries around the world to reduce their greenhouse gas emissions by about 5 percent below 1990 levels by 2012, take effect. The United States did not ratify the protocol, but many of the U.S. companies subject to shareholder resolutions will need to reduce emissions in Europe, Canada, Japan and other countries.

“While climate change may pose financial risk that must be addressed, with risk comes opportunity and the potential for reward. I would encourage Connecticut companies to be a model for developing clean technologies that will place them ahead of their competition and position them for long-term sustainability as well as highly profitable growth,” Nappier added.

The Connecticut Treasurer also expressed her appreciation to the Governor's Steering Committee on Climate Change and other stakeholders for their work during the past several years in both planning and taking action to address climate change.