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Leading Investors Worldwide Release Global Framework for Climate Risk Disclosure

Investors Urge Financial Regulators and Companies to Improve Quality of Corporate Disclosure on Business Risks from Climate Change

A unique global partnership of 14 leading institutional investors and other organizations - including the Connecticut state pension fund - representing trillions in assets today released the *Global Framework for Climate Risk Disclosure* to provide specific guidance to companies regarding the information they provide to investors on the financial risks posed by climate change.

Investors created the climate disclosure framework in response to growing concerns about the risks and opportunities from climate change, whether from new regulations, physical impacts or growing global demand for climate-friendly products. Leading pension funds in the United Kingdom, Australia, California and Connecticut were among the investors.

Investors pledged to use the disclosure framework in engagements with companies and encourage them to use existing reporting mechanisms—including the Global Reporting Initiative, the Carbon Disclosure Project and financial filings with securities regulators—to provide information that meets investors' expectations and serves their analytical needs. They also plan to distribute the framework to securities regulators, investors and leading companies that failed to respond to previous investor requests for information.

"For investors interested in a sustainable rate of return, factoring in the financial outlook of a company is an important fiduciary consideration. In the shadow of the Enron convictions, we are forcefully reminded that the more we know, and the sooner we know it, the better off we are," said **Connecticut Treasurer Denise L. Nappier, principal fiduciary of the \$23 billion Connecticut Retirement Plans and Trust Funds**. "Climate change brings both financial risks and business opportunities for companies in countless industries. The consequences for those that do not act responsibly and take steps to assess these risks and opportunities – and share that assessment with investors – can be quite serious."

"In the United States, businesses have been showing leadership in responding to the threat and seizing the opportunities from climate change," said **Timothy E. Wirth, president of the United Nations Foundation**, which has been active on climate risk issues since 2003. "This new guide will help companies provide information that is critical to investors and the public and encourage further action on this enormous global challenge."

"As institutional investors, we are united behind this groundbreaking initiative to help strengthen our trust funds over the long-term," said **Jack Ehnes, chief executive officer at the California State Teachers' Retirement System (CalSTRS)**, which manages \$146 billion in assets. "The framework will encourage responsible corporate behavior and accountability for the business risks

associated with climate change. Companies that fail to recognize physical risks to their facilities or ignore the impact of their greenhouse gas emissions are operating on unsustainable and short-sighted business models.”

“Companies need to provide accurate and timely disclosure of the risks associated with climate change,” said **Rob Feckner, board president at the California Public Employees’ Retirement System (CalPERS)**, the nation’s largest public pension fund with \$208 billion in assets. “CalPERS helped to create this new framework to provide companies and financial regulators with a clear statement of investor expectations for effective corporate disclosure on climate risk.”

Investors created the framework to address a widespread problem: not enough companies report the information—through mandatory or voluntary disclosures—which investors need to analyze climate risk and opportunities in their portfolios. Fewer than a dozen Fortune 500 companies have done comprehensive climate risk reports to date for shareholders, virtually all of them by electric power companies.

The framework, available at <http://www.ceres.org>, includes four key elements for adequate corporate climate disclosure:

- Measurement of total and projected greenhouse gas (GHG) emissions by company operations and products
- Strategic analysis of climate risk and GHG emissions management
- Assessment of the physical risks of climate change
- Risk analysis related to emerging GHG regulations in the U.S., Europe and other countries.

The partnership to create the reporting framework was first launched in May 2005 at the Institutional Investor Summit on Climate Risk at the United Nations, which was co-chaired by Treasurer Nappier. Before being finalized, the framework was reviewed by investors, companies, financial analysts and other experts worldwide.

Investors and other groups who created and endorsed the framework include the:

- California Public Employees’ Retirement System
- California State Controller’s Office
- California State Teachers’ Retirement System
- Carbon Disclosure Project
- Ceres
- Connecticut State Treasurer’s Office
- Global Reporting Initiative
- Institutional Investors Group on Climate Change
- Investor Group on Climate Change Australia / New Zealand
- Investor Network on Climate Risk
- United Nations Environment Programme Finance Initiative
- United Nations Foundation
- United Nations Fund for International Partnerships
- Universities Superannuation Scheme

Contact: Peyton Fleming, Ceres/Investor Network on Climate Risk, 617-247-0700 x20
Bernard Kavalier, Connecticut State Treasurer’s Office, 860-702-3277