



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

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# **NEWS**

**FOR IMMEDIATE RELEASE**  
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## **Connecticut Treasurer Joins Institutional Investors Worldwide, Urges SEC, Corporate, Wall Street Action on Global Warming Risks to Pensions**

*Releases 9-point Plan to require corporate disclosure of climate risk in investment portfolios,  
investors make bold commitments to energy efficiency  
and other clean technologies*

(New York, NY) – Representing the combined total of more than \$1.75 trillion in publicly and privately held assets, State Treasurer Denise L. Nappier today joined nearly 50 fiduciaries from other U.S. states, private foundations, labor unions and European investment houses to release a climate change action plan at the United Nations. The action plan, announced at the Investor Summit on Climate Risk, hosted by Ceres and the United Nations Foundation, will boost investments in clean energy and energy efficiency technologies and require tougher scrutiny about corporate practices harmful to the environment that could damage long-term shareholder value.

Nappier is the principal fiduciary of the \$26 billion Connecticut Retirement Plans and Trust Funds (CRPTF), which includes 160,000 current and former state and municipal workers and teachers. The Summit was attended by more than 450 investors, financial and corporate leaders from around the world. Supporters of the action plan include other state treasurers, controllers and pension fund leaders from London, California, Florida, New York, Connecticut, North Carolina, Pennsylvania and a dozen other entities. (Full list of supporters is attached.) Other European investors managing an additional \$6.5 trillion in assets supported the action plan "in principle."

"There has been much debate and research conducted since our first Summit on Climate Risk in 2003. It is now abundantly clear that global warming is a fact and its principal cause is man made," said Treasurer Nappier, "Not only must we address global warming as a societal problem, but climate risk, over time, also has the potential to wreak havoc on our investment portfolios if the companies we are invested in do not adapt to new standards of clean

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technology, energy efficiency, and new regulations that will make today's fossil-fuel burning economy much more costly."

Noting that climate change presents both material risks and significant opportunities, the investors pledged collectively to invest \$10 billion in clean technology opportunities over the next two years and to make efforts to incorporate green building standards – such as LEED (Leadership in Energy Efficiency and Design) and Energy Star – into their investment decisions, particularly in their real estate portfolios. Calling energy efficiency "one of the fastest, easiest and cheapest ways to significantly reduce emissions and improve the bottom line," the investor group pledged to seek ways to reduce energy use in their core real estate holdings by 20 percent over the next three years.

A new McKinsey Global Institute (MGI) report, also announced at the U.N. today, concludes that major investments over the next decade in energy productivity – the level of output we achieve from the energy we consume – could earn double-digit rates of return for investors. Such investments would cut global energy demand growth by at least half and achieve up to half of the reductions of greenhouse gas emissions that experts say are required to prevent the world's mean temperature from increasing by more than 2 degrees centigrade.

Nappier was the first pension fund official to call for an institutional investors' summit to address climate risk in 2003. Since that time she has served as lead co-convenor of the second Summit held in 2005, and again this year. What started as a relatively small group of investors has now grown into a coalition whose combined holdings are greater than the gross domestic product of many nations.

"It would not be in keeping with my fiduciary duty to the funds entrusted in my care if I did not do everything in my power to push for a complete assessment of the risk faced by a full spectrum of companies within our investment portfolio," Nappier said, "it is the only way to ensure the sustainable growth of our funds."

Nappier continued, "In the same way that conflicts of interest, non-disclosure of true operating expenses, and unjustified executive compensation can jeopardize a company's long-term value, so too can climate risk. And that, in turn, ultimately affects the retirement lives and savings of Connecticut's hundreds of thousands of pension fund beneficiaries as well as the entire investing public."

Climate risk also incorporates the concept of regulatory, reputational and litigation risk, whereby companies open themselves up to massive financial losses if, for example, serious health problems such as the spike in urban cases of asthma can be tied to higher concentrations of nitrous oxides and other particulate matter put in the air by industries related to transportation and fuel.

The auto and fuel industries, especially firms based in the United States, also run the risk of not being able to compete in a market which demands lower emissions of greenhouse gases, or adapt to new government regulations that require higher standards of fuel efficiency.

Nappier and the other fiduciaries gathered at the Institutional Investors' Summit on Climate Risk are beginning to require money managers, consultants and financial advisors responsible for directing the state's investments to measure climate risks and opportunities when selecting companies for their portfolios.

Other steps in the action plan are available by going to the website [www.incr.com](http://www.incr.com). Joining Treasurer Nappier in putting forward the action plan, representing a total of \$1.75 Trillion of assets under management at the time of this release, are:

John Chiang , Controller, California State Controller's Office  
Jack Ehnes, CEO, California State Teachers' Retirement System (CalSTRS)  
Bill Lockyer, California State Treasurer  
Alex Sink, Florida Chief Financial Officer  
General Robert Milligan, Executive Director, Florida State Board of Administration  
Michael Goetz, Chairman of the Board, Illinois State Board of Investment  
Nancy K. Kopp, Maryland State Treasurer  
Tim Cahill, Massachusetts State Treasurer  
Orin Kramer, Chair, New Jersey State Investment Council  
William C. Thompson, Jr., Comptroller of the City of New York  
Thomas P. DiNapoli, New York State Comptroller  
Richard Moore, North Carolina State Treasurer  
Randall Edwards, Oregon State Treasurer  
Andrew Stern, President, Service Employees International Union  
Bruce Raynor, President, UNITE HERE  
Jeb Spaulding, Vermont State Treasurer  
Geeta Alyer, President, Boston Common Asset Management  
Jeff Skoll, Chairman and Stephen George, CIO, Capricorn Management LLC  
Joe Keefe, CEO, Pax World Funds  
Rev. William Somplatsky-Jarman, Presbyterian Church (U.S.A)  
Winslow Management Company  
Ethical Funds  
Denis Hayes, President and CEO, Bullitt Foundation  
Eric Heitz, President, The Energy Foundation  
Jenny D. Russell, Executive Director, The Merck Family Fund  
Lance E. Lindbolm, Nathan Cummings Foundation  
Stephen A. Foster, President and CEO, The Overbrook Foundation  
Jeff Skoll, Chairman, Skoll Foundation  
Howard Jacobs, Trustee, Universities Superannuation Scheme

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