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VERMONT TREASURER JEB SPAULDING JOINS EIGHT OTHER STATE TREASURERS, NYC COMPTROLLER IN ISSUING 10-POINT "CALL FOR ACTION" FOR SEC, WALL STREET, AND BOARDS ON GLOBAL WARMING RISKS

Treasurers, Comptrollers from CA, CT, MA, ME, NM, NYC, NYS, OR, VT Create New Network At UN Gathering of Top Pension Funds and Wall Street Firms.

Montpelier: Vermont State Treasurer Jeb Spaulding joined today with eight other state and city treasurers and comptrollers at the United Nations to issue a 10-point "Call for Action" to the US Financial community for increased disclosure and analysis of the risks posed by climate change to institutional and individual investors. The nine officials represent public pension funds totaling more than one trillion dollars.

The state treasurers and comptrollers from California, Connecticut, Massachusetts, Maine, New Mexico, New York City, New York State, Oregon, and Vermont also formed the "Investor Network on Climate Risk" to continue their joint actions on the issue. The officials said that they planned a variety of actions: some will immediately petition the SEC for enforcement of environmental risk disclosure requirements; others will file 2004 global-warming shareholder resolutions with companies in the oil and gas, electric power, automobile, and financial sectors. The groups urged their state-level peers to vote their proxies on those resolutions seeking disclosure of risks associated with greenhouse gas emissions and reduction of those emissions. (For details on the 10-point action plan and the charter document for the Network, go to http://www.incr.com on the Web.)

"I believe that over the long term, climate change and global warming pose significant dangers to investors and whole economies," Spaulding said. "As a trustee of Vermont's pension funds, which are long-term investments, and as a state official concerned with protecting Vermont's financial future, I am compelled to do my part to encourage companies to analyze and disclose potential risks and liabilities in this area."

The announcement was made at the *Institutional Investor Summit on Climate Risk*, a meeting of the pension funds and their Wall Street fund management firms. The summit was organized by CERES, a US-based coalition of investment funds and public interest groups, and co-chaired by

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Connecticut State Treasurer Denise Nappier and United Nations Foundation president Timothy Wirth. The UN gathering also was supported by the UN Fund for International Partnerships, the UN Environment Programme, and other UN agencies.

California State Treasurer Phil Angelides said: "In global warming, we are facing an enormous risk to the US economy and to retirement funds that Wall Street has so far chosen to ignore. The corporate scandals over the last couple of years have made it clear no one is really minding the store on long-term issues. As fiduciaries, we are compelled to take it upon ourselves to look for emerging problems and to demand more information and other actions."

Connecticut Treasurer Denise Nappier said: "Companies that fail to adequately disclose potential liabilities related to climate risk and financial analysts who ignore the potential financial risks of investments in these companies run the risk of fueling the next governance crisis. As investors, we cannot afford any more casualties of corporate irresponsibility or regulatory loopholes."

New York State Comptroller Alan Hevesi said: "Today, we are taking aim at the SEC for not enforcing key rules on disclosure of environmental issues. We are focusing on corporate boards for coming up short on corporate governance by failing to analyze and disclose climate changes risks. And we are also are putting Wall Street fund management firms on notice that they will have to develop analysis of climate change risk for portfolio companies and industries."

Also in attendance at the summit were trustees of Los Angeles and New York City, the heads of the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), and representatives of the New York State Teachers' Retirement System and the Michigan Municipal Employee Retirement System. Wall Street representatives included the firms of Bank of America, Barclays, Goldman Sachs, Lazard Asset Management, Merrill Lynch, and State Street. Other attendees included former US Vice President Al Gore, currently vice chairman of Metropolitan West Financial, and John Coomber, CEO of Swiss Re.

UN Foundation President Timothy Wirth said: "While critics have often accused Wall Street of taking the short-term view, the pension fund leaders who supported this meeting have realized that to protect their retirees they must take the long view of climate change. In doing so, they are discovering important common ground with the UN, which is also dedicated to expanding global prosperity."

CERES Executive Director Mindy Lubber said: "This event demonstrates that major institutional investors are aware that climate change is likely to harm not only our planet but also our pocketbooks and our pension checks. The treasurers and other fiduciaries at the UN have a lot of questions for their fund managers, and we hope they get the answers quickly."

10-POINT ACTION PLAN

The state officials' 10-point action plan reads as follows:

1. The Securities and Exchange Commission (SEC) to enforce corporate disclosure requirements under regulation S-K on material risks such as climate change and to

strengthen current disclosure requirements – as requested by investors and others in recent petition to the SEC (File # 4-163). Current SEC disclosure regulations require registrants to disclose trends and uncertainties that are likely to have a reasonable impact on a company's operations. Studies show that many companies are failing to adequately disclose climate change-related risks to their shareholders in accordance with these rules. Furthermore, strengthening the current accounting rules governing the estimation and disclosure of environmental liabilities would lead to better transparency.

2. The Securities and Exchange Commission to re-interpret or change its proxy rules under Section 14(a)-8 relating to "ordinary business" to recognize that shareholders should have the right to vote on resolutions asking their companies to report on financial risks that may be faced due to climate change.

3. Boards of directors of companies under the principle of "duty of care" to ask corporate management to provide them with information and analysis on the potential financial risk to the company from climate change, and plans to mitigate any risk, and to report this information to shareholders.

4. Companies in sectors that are the major source of greenhouse gas emissions – including automobile manufacturing, electricity generation, and oil and gas production and refining – to prepare a report for shareholders with financial analysis (at reasonable cost and omitting proprietary information) on how the company may be affected by regulatory, competitive, legal, and physical impacts of climate change.

5. Companies that are not sources of greenhouse gases, but whose operations may be affected by climate change, to analyze the potential impact of climate change on the company and report the results of that analysis to shareholders.

6. Investment managers, who manage funds for us and other institutional investors and who make recommendations for the buying or selling of stock, to include in their examination of corporations, sectors, and managed funds an analysis of the potential financial impact of climate change.

7. Institutional investors – including mutual funds, pension funds, foundations, endowments – to adopt proxy voting guidelines which support the disclosure of the potential financial risk of companies in which they invest due to climate change and to vote for shareholder resolutions requesting disclosure of this information.

8. The US Congress and the Executive Branch, when developing policies to address greenhouse gas emissions, to assess the future financial impact of climate change on the value of our long-term investments.

9. We encourage state governments, (and their regional organizations), to assess the potential financial impact of climate change on their states, and businesses that operate in them.

10. Finally, to follow through on the *Institutional Investor Summit on Climate Risk* and this Call for Action, and to further promote investor and corporate engagement and understanding of the range of risks posed by climate change, we will support the creation of an Investor Network on Climate Risk (INCR)."

GLOBAL WARMING BACKGROUND

Industry sectors that contribute to global warming through major emissions of carbon dioxide, and are therefore vulnerable to new regulation and possible future legal action, include: electric power, transportation (including auto), oil and gas, and some manufacturing. Recent studies have also suggested that because US companies are not currently subject to carbon dioxide regulation in the US, they are falling behind their foreign counterparts in developing new, carbon-free technologies, and will hold costly "carbon burdens" in global emissions trading markets. Industries identified as vulnerable to the effects of global warming itself include: agriculture, fisheries, forestry (pulp and paper), insurance, real estate, tourism, and water.

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