

# INVESTOR PROGRESS ON CLIMATE RISK & OPPORTUNITIES

*Results Achieved Since the 2008 Investor Summit  
on Climate Risk at the United Nations*

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# FOREWORD

The Investor Network on Climate Risk (INCR) was launched by Ceres at the first Institutional Investor Summit on Climate Risk at the United Nations Headquarters in 2003.

INCR's membership has since grown from 10 investors managing \$600 billion in assets to more than 80 investors managing over \$8 trillion of assets today. Members include public and labor pension funds, state and city treasurers and comptrollers, asset managers, foundations, and other institutional investors. INCR promotes better understanding of the business risks and opportunities posed by climate change.

At the third Investor Summit on Climate Risk at the United Nations in February 2008, more than 50 leading U.S. and European institutional investors representing \$1.75 trillion in assets announced a new Action Plan, committing to boosting investments in energy efficiency and clean energy technologies, requiring tougher scrutiny of carbon-intensive investments that may pose long-term financial risks, and pledging to support strong policy action on climate and energy (see Appendix A).

This report reviews the substantial progress that investors have made toward the three key objectives in the 2008 Action Plan: (1) increasing investments in clean technology, (2) engaging companies, investors, and others in requiring climate risk disclosure, and (3) supporting strong policy action on climate change.

Despite this positive momentum, through the economic turmoil of the last 18 months, stronger action from investors and companies are needed. The progress made by investors since 2008 establishes a solid foundation for renewed and strengthened INCR commitments going forward – to minimize climate risks, seize opportunities in the transition to a low carbon economy, and advocate for the information and long-term certainty that investors require.

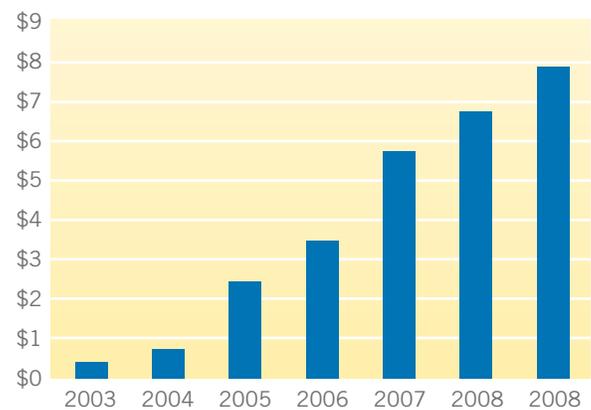
But investor and corporate efforts are also constrained and will be insufficient to address the scale of investment needed to spur the clean energy transition globally unless policymakers act swiftly to enact policies to catalyze private investment in developing a low-carbon economy. Investors stand ready to redouble their efforts once governments put in place the policies needed to give investors confidence to unleash investment flows and to enable investors (and the companies in which they invest) to further integrate climate change considerations into their decision-making processes.

**Mindy S. Lubber**

*President, Ceres*

*Director, Investor Network on Climate Risk*

**INCR Assets Under Management**  
*(US\$ trillions)*



## EXECUTIVE SUMMARY

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On February 14, 2008, at the Investor Summit on Climate Risk at the United Nations, members of the Investor Network on Climate Risk (INCR) signed a 9-point action plan entitled *Capitalizing the New Energy Future: Minimizing Climate Risks, Seizing Opportunities*.

This plan stated the intent of the signatory investors to manage their investments; engage companies, investors, and others; and support policy action to address the financial risks and opportunities presented by climate change. The action plan reflected key priorities for investors to pursue in order to manage the risks and capture the opportunities in accelerating the transition to a low carbon economy. Many of these goals represented continuing activities or specific developments, while others reflected long-term aspirations. For instance, the investors' goals included investing in clean technology, focusing on the energy performance of their real estate portfolios, urging comprehensive corporate responses to climate risks, pushing for guidance on climate risk disclosure from the Securities and Exchange Commission (SEC), and encouraging strong public policies on climate change and energy efficiency.

INCR and its members are pleased to report that they have met or made progress on all of the goals set out in 2008.

For instance, since the issuance of the 2008 INCR Action Plan, investors have:

- ◆ Conducted a survey of the 500 largest asset managers to see whether they are preparing for a low-carbon future and considering climate risk in their long- and short-term decision-making.
- ◆ Invested nearly \$1.9 billion in clean technology.
- ◆ Increased energy efficiency in real estate portfolios and improved energy efficiency benchmarking
- ◆ Taken a range of measures to improve energy benchmarking and increase energy savings in real estate portfolios.
- ◆ Filed record-breaking numbers of climate-related and sustainability-related shareholder resolutions seeking both disclosure and corporate action, with many resolutions withdrawn after successful negotiations with the companies.
- ◆ Published reports describing water-related risks from climate change in water-intensive industry sectors, benchmarking the corporate climate governance of consumer and high-tech companies, providing sample proxy voting guidelines, analyzing how changes in national fuel economy standards could affect the auto industry, and evaluating mutual funds' proxy voting on climate-related resolutions.
- ◆ Educating investors on credit rating agencies and climate risk.
- ◆ Petitioned the SEC for guidance on mandatory climate and ESG risk disclosure.

*INCR members have met or made progress on all of the goals set out in 2008.*

- ◆ Engaged with Congress and the Administration through letters and in person meetings urging strong climate and energy policies, including emphasizing the importance of energy efficiency.
- ◆ Called on world leaders to pass a strong and binding international treaty on global climate through a policy statement signed by 181 investors representing more than \$13 trillion in assets, the largest effort of its kind on climate.

Even with this impressive progress by INCR and its members, there is still much to be done. For example, investors should:

- ◆ Expand their efforts to improve (and require) climate risk assessment capacity in their asset managers, consultants, and financial advisors.
- ◆ Increase their investments in clean technology with a renewed commitment to reach the Action Plan's \$10 billion goal
- ◆ Improve energy benchmarking and energy efficiency in their real estate portfolios, with a continued eye on the Action Plan's 20% reduction goal.
- ◆ Continue to engage with companies to address climate risks and opportunities.
- ◆ Increase efforts to secure additional support for climate-related and sustainability-related shareholder resolutions.
- ◆ Continue to provide the investment community with tools to better evaluate companies' climate risk exposure.
- ◆ Expand their engagement with hedge funds, debt and equity analysts, investment banks, ratings agencies, private equity firms, and others on climate risks and opportunities.
- ◆ Continue to press the SEC to issue guidance on mandatory climate and ESG risk disclosure and to integrate evaluation of climate and ESG risks throughout the SEC's operations.
- ◆ Continue to call on policymakers for strong climate and energy policies at the domestic and international level.

# OVERVIEW: PROGRESS ON THE 2008 INCR ACTION PLAN

	Met or Exceeded	Made Progress	No Progress
<b>MANAGING OUR INVESTMENTS</b>			
<b>1. Require that our asset managers, consultants, and financial advisors consider climate risks and opportunities.</b> <i>To ensure that our investments are managed by firms and individuals that are aware of the financial threats presented by climate change, it is important that we evaluate the ability of investment consultants, advisors, and managers to assess climate risks and opportunities. Accordingly, we will:</i>			
Require and validate that relevant investment managers currently managing or seeking to manage our fund assets, as well as investment consultants and advisors, report on how they are assessing the risks and opportunities associated with climate change. Such a requirement can be accomplished through Requests for Proposals (RFPs), by making climate risk assessment a required part of regular manager reviews, by requiring managers to use a sustainability or climate risk screen, or by other methods.		✓	
<b>2. Invest capital in companies developing and deploying clean technologyologies.</b> <i>We believe investments in clean, climate-friendly technologies – such as energy efficiency and renewable energy – represent significant opportunities and will ultimately enhance and sustain the long-term viability of corporate assets and shareholder value by broadening and deepening the range of tools available to help the world avoid the worst impacts of climate change. Accordingly, we will:</i>			
Seek investment opportunities in all appropriate asset classes to support clean technologyology efforts. Our goal is to deploy \$10 billion collectively in additional investment over the next 2 years.		✓	
<b>3. Improve the energy performance of real estate portfolios and investments.</b> <i>Studies demonstrate that enormous opportunities exist to improve building energy efficiency while enhancing the value of real estate assets. Accordingly, we will:</i>			
Aim for a 20% reduction over a three-year period in energy used in core real estate investment portfolios, using standardized units of measurement, performance baselines, and regular reporting on measures taken and actual energy performance.		✓	
Incorporate green building standards (such as LEED and Energy Star) as a factor in making investment decisions		✓	
<b>ENGAGING COMPANIES, INVESTORS, AND OTHERS</b>			
<b>4. Urge comprehensive corporate responses to climate risks.</b> <i>As investors in publicly-held companies in the auto, electric power, coal, oil &amp; gas, insurance, real estate, construction, financial, forestry, and many other sectors, we desire greater information and action from companies on climate risks and opportunities, recognizing the broader sustainability context. Accordingly, we will:</i>			
Urge companies to elevate climate change as a governance priority, using the Ceres “Climate Change Governance Checklist.”	✓		
Urge companies to provide better disclosure about the financial and material risks posed by climate change and to explain how they are factoring carbon costs into operational and capital-planning decisions. Such disclosure should follow the Global Reporting Initiative (GRI) guidelines and the Global Framework on Climate Risk Disclosure.	✓		
Support appropriate shareholder resolutions, company engagements, and other efforts to encourage companies to reduce their carbon footprint, seize new market opportunities, and ask corporate suppliers to disclose and reduce greenhouse gas emissions and energy use.	✓		
<b>5. Help investors evaluate and address corporate climate risks.</b> <i>Investors often need additional information and guidance to better evaluate and engage companies on climate risks and opportunities. Accordingly, we will:</i>			
Urge companies to adhere to best practices in corporate governance on climate risk by producing and distributing through the Investor Network on Climate Risk (INCR) a new “Corporate Governance and Climate Change” report evaluating and scoring 100 leading global companies on their governance practices and responses to the risks and opportunities from climate change.		✓	
Produce and distribute through INCR a report evaluating how climate change is exacerbating water scarcity and evaluating how water-intensive sectors are managing water-related risks.	✓		
Develop and promote proxy voting guidelines that encourage support for reasonable shareholder proposals on climate risk.	✓		

	Met or Exceeded	Made Progress	No Progress
<b>6. Expand climate risk scrutiny and collaboration by investors, stock market analysts, and others in the finance sector.</b> <i>Investors around the world must work together to address the climate risks and opportunities that exist in every market and every asset class, and debt and equity analysts and others in the finance sector must start incorporating climate risk and opportunity into their routine financial analysis and company and portfolio valuation. Accordingly, we will:</i>			
Encourage debt and equity analysts, ratings agencies, and investment banks to incorporate climate risks and opportunities as part of their investment and valuation analysis, including analyzing and reporting on the potential impacts of foreseeable long-term carbon costs (in the range of \$20–\$40 per metric ton of CO <sub>2</sub> eq.), particularly on carbon-intensive investments such as new coal-fired power plants, oil shale, tar sands, and coal-to-liquids projects.		✓	
Encourage debt and equity analysts, ratings agencies, and investment banks to incorporate climate risks, opportunities, and carbon costs into their analysis of a new category of investment funds – infrastructure – including transportation, water, and other projects needed to support the growth of cities and the transition to a low-carbon economy.		✓	
Engage with mutual funds, hedge funds, private equity firms, and others to promote increased understanding of, and actions in response to, climate risk.		✓	
Support global information-sharing and collaboration by the growing number of institutional investors and organizations around the world concerned about climate risk.	✓		
<b>SUPPORTING POLICY ACTION</b>			
<b>7. Push for guidance from the Securities and Exchange Commission (SEC).</b> <i>Climate-related shareholder resolutions and new SEC guidance are each critical to improving corporate disclosure of climate risks and opportunities. Accordingly, we will:</i>			
Continue to engage the SEC and members of Congress on requiring companies to disclose material climate risks as part of their regular securities filings. Towards this end, we will ask investors and members of Congress to support the September 2007 Investor Petition to the SEC for “Interpretive Guidance on Climate Risk Disclosure.”	✓		
Continue to call on the SEC to recognize shareholders’ right to vote on resolutions related to climate change and to enforce existing rules requiring disclosure of material risks.	✓		
Call on the SEC to develop expertise on climate change risks, as well as other environmental and social issues that pose material financial risks to corporations and investors.	✓		
<b>8. Encourage companies and investors to support government action on climate policy.</b> <i>As fiduciaries and leaders in the investment community, we recognize the need for policies that establish regulatory certainty, minimize climate risks, and provide strong incentives for investment in clean technology and other climate change solutions. Accordingly, we will:</i>			
Continue to call for a mandatory national policy to contain and reduce national greenhouse gas emissions economy-wide, making sizable, sensible, long-term cuts in accordance with the 60–90% reductions below 1990 levels by 2050 that scientists and climate models suggest are urgently needed to avoid the worst and most costly impacts from climate change.	✓		
Continue to call for the realignment of incentives and other state and national policies to achieve climate objectives, including a range of energy and transportation policy measures to stimulate research, development, and deployment of new and existing clean technologies at the scale necessary to achieve greenhouse gas reduction goals.	✓		
Call for strong U.S. leadership in the international negotiations for a successor to the Kyoto Protocol, including a binding target to reduce emissions significantly in the United States.	✓		
<b>9. Support policies to maximize energy efficiency.</b> <i>As fiduciaries and long-term investors, we recognize that getting more use out of the energy we already produce is one of the fastest, easiest, and cheapest ways to significantly reduce emissions and to improve the bottom line of many companies in which we invest, especially with demand for energy increasing. Accordingly, we will:</i>			
Call for policies at the local, state, and national levels that promote a doubling of the historic rate of energy efficiency improvements in developed countries (to 2.5% per year) and significant energy efficiency improvements in rapidly industrializing and other major energy-using countries.		✓	

# DETAILED ANALYSIS OF INVESTOR PROGRESS

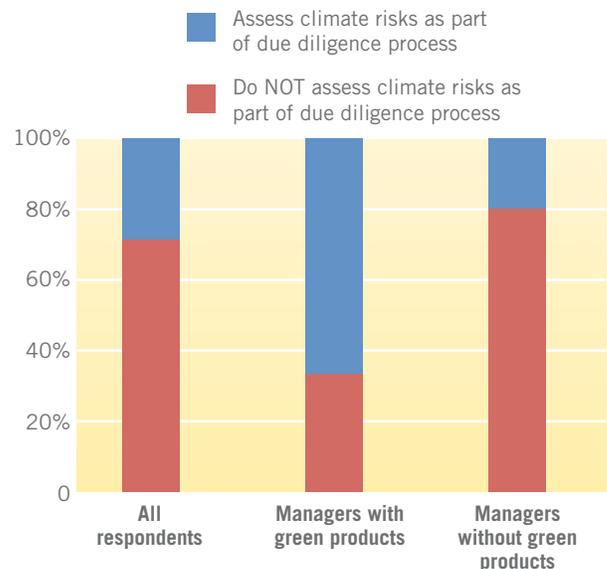
## Progress made in Managing Our Investments

2008 Action Plan: Managing Our Investments	Met or Exceeded	Made Progress	No Progress
<p><b>1. Require that our asset managers, consultants, and financial advisors consider climate risks and opportunities.</b> To ensure that our investments are managed by firms and individuals that are aware of the financial threats presented by climate change, it is important that we evaluate the ability of investment consultants, advisors, and managers to assess climate risks and opportunities. Accordingly, we will:</p> <p>Require and validate that relevant investment managers currently managing or seeking to manage our fund assets, as well as investment consultants and advisors, report on how they are assessing the risks and opportunities associated with climate change. Such a requirement can be accomplished through Requests for Proposals (RFPs), by making climate risk assessment a required part of regular manager reviews, by requiring managers to use a sustainability or climate risk screen, or by other methods.</p>		✓	

### Successes

Since the 2008 Action Plan, investors have made progress in requiring and validating climate risk assessment capacity in their managers, consultants, and advisors.

- ◆ The California State Controller, CalPERS, CalSTRS, the Connecticut State Treasurer, the Florida CFO, the Chairman of the Board of the Illinois State Board of Investment, the Pennsylvania State Treasurer, and the New York City Comptroller – all INCR action plan signers – worked with Ceres to conduct a survey of the 500 largest asset managers focused on how asset managers are preparing for a low-carbon future and whether they consider climate risk in their long- and short-term decision making. All of these signatories directed their own investment managers to respond. The survey results, released in January 2010, reveal that far too few asset managers consider climate risk as part of their due diligence and corporate governance analysis.



- ◆ Despite the fact that most asset managers do not consider climate risk, the survey validated the work of some asset managers. Among the asset managers highlighted as best practice setters were MFS Investment Management and F&C Asset Management. These asset manager leaders are positioning themselves to capture the opportunities and understand and manage the risks of climate change across their portfolios. F&C Asset Management is a signer of the 2008 Action Plan.

### Going Forward

The asset manager survey made clear that far too many investors still are not getting the information they need from asset managers and consultants about material climate risks and opportunities in their portfolios. Institutional investors in INCR should expand their

efforts to require climate risk assessment capacity in their managers and advisors. INCR members should commit to asking their managers key questions about their climate risk assessment capacity during regular performance reviews and when hiring new managers. INCR members should also ensure that relevant INCR and Ceres publications are distributed to their asset managers and consultants to augment their understanding of the importance and implications of climate risk.

The recommended actions for asset managers include:

- ◆ Conduct climate risk assessment as part of the due diligence process for all investments. Incorporate climate risks into risk parameters. Engage with companies, and incorporate company-level data about climate risks into the investment analysis. Train investment staff to analyze these risks.
- ◆ Include a statement about climate risks and opportunities in the manager's investment policy or other analyst guidelines.
- ◆ Incorporate climate risk in the evaluation of a company's corporate governance.
- ◆ Adopt a proxy voting policy on environmental resolutions.
- ◆ Engage with the SEC and other policy makers to encourage full disclosure of climate and other sustainability risks.

The recommended actions for institutional investors include:

- ◆ Analyze climate risks in investment portfolios in partnership with consultants, asset managers, the companies they own, and credit rating agencies. This process could include surveys of external asset managers and dialogues with asset managers as part of the request for proposal (or other hiring process) or as part of managers' performance reviews.
- ◆ Train staff and managers in climate risk due diligence and in reviews of corporate governance practices. Trained and engaged internal investment management staff will be positioned to further identify best practices in this arena in collaboration with companies and external consultants and managers.
- ◆ Adopt sustainability policies to guide all advisors and asset managers, including a statement of investment principles, a climate change governance framework, and proxy voting guidelines on environmental resolutions.
- ◆ Engage with the SEC and policy makers to encourage full disclosure of climate and other sustainability risks.

## 2008 Action Plan: Managing Our Investments

	Met or Exceeded	Made Progress	No Progress
<p><b>2. Invest capital in companies developing and deploying clean technologies.</b> We believe investments in clean, climate-friendly technologies – such as energy efficiency and renewable energy – represent significant opportunities and will ultimately enhance and sustain the long-term viability of corporate assets and shareholder value by broadening and deepening the range of tools available to help the world avoid the worst impacts of climate change. Accordingly, we will:</p> <p>Seek investment opportunities in all appropriate asset classes to support clean technology efforts. Our goal is to deploy \$10 billion collectively in additional investment over the next 2 years.</p>		✓	

### Successes

INCR members have invested almost \$1.9 billion in clean technology since the February 2008 Action Plan, about 20% of the way to the goal. Liquidity issues, tight credit, and a massive drop in value of other assets rendered INCR asset owners unable to complete some investments.

- ◆ Since the financial crisis hit the market in earnest in the fall of 2008, INCR members have invested over \$600 million in low-carbon / clean technology investments.
- ◆ INCR members' clean technology investments since the 2008 Action Plan represent almost a doubling of the \$1 billion goal that they set and achieved in the 2005 Action Plan.
- ◆ Since the \$1 billion pledge in 2005, INCR members have invested \$4.9 billion in low-carbon / clean technology investments.
- ◆ Action Plan signatories have invested across asset classes (*see box*).
- ◆ Other investors around the world have also been investing in clean technology, although at lower rates than before the recession hit. New Energy Finance estimates that worldwide new investment in clean energy was \$142 billion in 2008 and projects it will be \$90–110 billion in 2009 [source: *New Energy Finance*].

#### The almost \$2 billion invested so far in clean technology occurred across asset classes, as follows:

Public Equity.....	\$873,300,000
Private Equity .....	\$1,010,560,000
Clean technology.....	51.60%
Mixed Low Carbon Assets.....	34.03%
Water.....	8.11%
Real Estate.....	6.26%

### Going Forward

Despite increasing allocations of capital to the low carbon space, investors on average have invested less than 1% of their portfolios in low-carbon investment strategies. In order to better capture the long-term investment opportunities possible in clean technology, investors should continue striving toward the Action Plan goal to fully secure the benefits of risk diversification and return performance.

## 2008 Action Plan: Managing Our Investments

	Met or Exceeded	Made Progress	No Progress
<b>3. Improve the energy performance of real estate portfolios and investments.</b> Studies demonstrate that enormous opportunities exist to improve building energy efficiency while enhancing the value of real estate assets. Accordingly, we will:			
Aim for a 20% reduction over a three-year period in energy used in core real estate investment portfolios, using standardized units of measurement, performance baselines, and regular reporting on measures taken and actual energy performance.		✓	
Incorporate green building standards (such as LEED and Energy Star) as a factor in making investment decisions		✓	

### Successes

INCR established the Real Estate Working Group in 2008 to give investors a forum to provide peer-to-peer advice and share best practices. More than 15 INCR members and other investors have been engaged in Working Group calls to create consensus around best practices for achieving energy efficiency in real estate portfolios and to catalyze the movement of capital toward investment in energy efficient buildings. Specific outcomes include:

- ◆ CalPERS, which has a real estate portfolio of over \$19 billion, established and engaged with investment managers on best practices for energy benchmarking. CalPERS also partnered with Hines to create a new office property fund focusing on LEED-certified properties.
- ◆ CalSTRS, which has a real estate portfolio of over \$15 billion, set energy benchmarks for its properties and regularly engages in efficiency upgrades and ongoing energy measurement. CalSTRS has also moved its headquarters into a new, LEED-certified building in Sacramento, CA.
- ◆ Florida engaged with one of its major real estate managers, Prudential Real Estate Investments (which joined INCR in May 2009), to demand more attention to energy efficiency. As a result, a national consultant was hired to assess performance across portfolios and establish benchmarking practices.
- ◆ Connecticut is taking steps to make its real estate portfolio – which consists mainly of public equities and participation in commingled funds – more efficient, including specifying LEED certification for a newly acquired property and hiring a national consultant to assess the portfolio.
- ◆ New York State has begun focusing on the energy efficiency of its roughly \$6 billion in real estate holdings and engaging with investment managers to assess energy efficiency opportunities.

- ◆ TIAA-CREF has become an Energy Star Partner and has committed to energy measurement and benchmarking for its entire real estate portfolio. In addition, TIAA-CREF has committed to a 10% portfolio-wide energy reduction by 2010.
- ◆ RREEF is also an Energy Star Partner, benchmarks its entire real estate portfolio, and has set a goal of 30% energy reduction by 2012.
- ◆ Ceres commissioned Mercer, a global consultant to institutional investors, to produce a report on best practices in achieving energy efficiency in real estate portfolios.

## Going Forward

In order to meet and exceed the goal of 20% energy savings in real estate portfolios, investors should take a range of key steps, including the following:

For investors with direct control of properties:

- ◆ Establish a baseline measurement of energy use across portfolios.
- ◆ Prioritize opportunities for energy reduction, following a sequenced approach that focuses first on the worst performing properties that provide the lowest cost, easiest opportunities for cutting energy use. This sequence includes:
  - Retrofit commissioning buildings, which involves testing building systems to ensure they are operating optimally.
  - Upgrading lighting.
  - Reducing electricity load demand of occupants and equipment.
  - Upgrading and optimizing air distribution systems.
  - Upgrading and optimizing heating and cooling systems.
- ◆ Regularly benchmark ongoing energy use against an established baseline. For indirect property owners who invest in real estate related funds or stock ownership:
  - Seek funds with the mission of creating or acquiring energy efficient properties.
  - Seek funds with goals for energy efficiency improvements in existing holdings.
  - Use proxy voting and direct engagement to address energy efficiency with asset managers and public companies.

## Progress made in Engaging Companies, Investors, and Others

### 2008 Action Plan: Engaging Companies, Investors, and Others

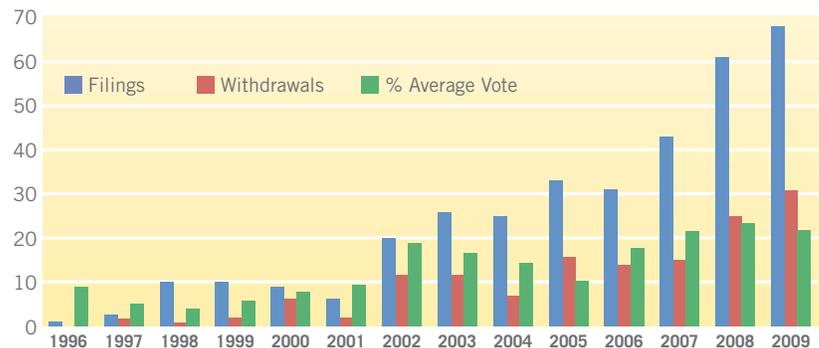
	Met or Exceeded	Made Progress	No Progress
<b>4. Urge comprehensive corporate responses to climate risks.</b> <i>As investors in publicly-held companies in the auto, electric power, coal, oil &amp; gas, insurance, real estate, construction, financial, forestry, and many other sectors, we desire greater information and action from companies on climate risks and opportunities, recognizing the broader sustainability context. Accordingly, we will:</i>			
Urge companies to elevate climate change as a governance priority, using the Ceres "Climate Change Governance Checklist."	✓		
Urge companies to provide better disclosure about the financial and material risks posed by climate change and to explain how they are factoring carbon costs into operational and capital-planning decisions. Such disclosure should follow the Global Reporting Initiative (GRI) guidelines and the Global Framework on Climate Risk Disclosure.	✓		
Support appropriate shareholder resolutions, company engagements, and other efforts to encourage companies to reduce their carbon footprint, seize new market opportunities, and ask corporate suppliers to disclose and reduce greenhouse gas emissions and energy use.	✓		

### Successes

INCR members, through shareholder resolutions and company dialogues, met or made progress on all of their Action Plan goals related to urging corporate responses to climate risks. During the 2008 and 2009 proxy seasons (*see box*):

- ◆ A record-breaking 61 climate-related shareholder resolutions were filed with U.S. and Canadian companies in 2008 – and a new record-breaking 68 resolutions were filed in 2009 (*see box*).
- ◆ 28 and 31 resolutions in 2008 and 2009 respectively led to successfully negotiated withdrawals with U.S. and Canadian companies.
- ◆ A climate resolution achieved a majority vote for the first time with the 51.2% vote at IDACORP (Idaho Power), and there were also votes in the 40s, including a 45.6% vote at Massey Energy.

### North American Shareholder Resolutions on Climate Change, 1996–2009



- ◆ Disclosure-focused resolutions asked for reports on a range of items, including climate strategies and plans, greenhouse gas emissions levels, strategies to incorporate carbon costs, energy use and management, the environmental damage from oil sands operations, and strategies to manage risks related to water use.
- ◆ Action-focused resolutions asked corporations to undertake a range of activities, including adoption of quantitative goals for reducing greenhouse gas emissions from products and operations, adoption of targets to reduce energy use, and increases in R&D on low-carbon technologies.
- ◆ Investors also filed an increasing number of resolutions requesting a sustainability report including GHG reduction strategies.

- ◆ As a result of investor pressure during the 2009 proxy season, at least 12 companies will be responding to the Carbon Disclosure Project (CDP) for the first time and at least six companies agreed to set or consider setting GHG reduction goals.
- ◆ A June 2009 Ceres/Environmental Defense Fund report, authored by The Corporate Library, evaluated the quality of climate risk disclosure in SEC filings by 100 companies in the oil and gas, electric power, coal, insurance and transportation sectors. It found that only two of the 100 companies disclosed more than half of the information sought by investors (see box).
- ◆ A second Ceres/EDF report published in June 2009 reviewed over 6,000 SEC filings by S&P 500 companies from 1995 to 2008, finding some modest improvement in climate risk disclosure since 1995 but also finding that 75% of annual reports filed by S&P 500 corporations in 2008 failed to even mention climate change and only 5% articulated a strategy for managing climate-related risks.

CalPERS and CalSTRS have also adopted Ceres' 14-point "Climate Change Governance Checklist" to assist them in their engagement with companies, available at [www.ceres.org](http://www.ceres.org). **[NEED MORE COMPLETE URL?]**

### Going Forward

INCR members should continue their efforts to encourage companies to disclose and address climate risks and opportunities, including continued shareholder resolutions and company dialogues. In addition, INCR members should engage their investment managers and proxy voting services to encourage them to vote in favor of appropriate climate and energy-related resolutions.

<i>2008 Action Plan: Engaging Companies, Investors, and Others</i>	Met or Exceeded	Made Progress	No Progress
<b>5. Help investors evaluate and address corporate climate risks.</b> <i>Investors often need additional information and guidance to better evaluate and engage companies on climate risks and opportunities. Accordingly, we will:</i>			
Urge companies to adhere to best practices in corporate governance on climate risk by producing and distributing through the Investor Network on Climate Risk (INCR) a new "Corporate Governance and Climate Change" report evaluating and scoring 100 leading global companies on their governance practices and responses to the risks and opportunities from climate change.		✓	
Produce and distribute through INCR a report evaluating how climate change is exacerbating water scarcity and evaluating how water-intensive sectors are managing water-related risks.	✓		
Develop and promote proxy voting guidelines that encourage support for reasonable shareholder proposals on climate risk.	✓		

### Successes

INCR has made progress towards improving information and guidance for investors to evaluate companies with respect to climate risks and opportunities.

- ◆ In February 2009, Ceres released *Water Scarcity & Climate Change: Growing Risks for Businesses and Investors*, identifying water-related risks specific to eight water-intensive industry sectors – high tech, beverage, agriculture, electric power/energy, apparel, biotech/pharmaceutical, forest products, and metals/mining firms – and finding that corporate disclosure on water risks is extremely poor and provides little with which investors can assess companies' exposure to water risk.

- ◆ In December 2008, Ceres released *Corporate Governance and Climate Change: Consumer and Technology Companies*, a comprehensive assessment of how 63 of the world's largest consumer and information technology companies are preparing themselves to address climate change.
- ◆ In April 2008, Ceres and INCR released *Managing the Risks and Opportunities of Climate Change: A Practical Toolkit for Investors*, which, among other things, encouraged the review and adoption of proxy voting guidelines and provided sample proxy voting guidelines.
- ◆ The Asset Manager survey (discussed earlier in Action Plan item #1) delves further into proxy voting practices of asset managers.

### Going Forward

INCR and its members should continue their efforts to provide investors with tools to evaluate companies' responses to climate risks and opportunities.

### Ceres' 2009 report, *Water Scarcity & Climate Change: Growing Risks for Businesses and Investors*, evaluated water-risk to eight water-intensive sectors. It found:

- A water-related shutdown at a fabrication facility operated the largest semiconductor factories in the Asia-Pacific region could result in \$100–\$200 million in missed revenue during a quarter, or \$0.02 or \$0.04 per share.
- Major beverage bottlers lost their operating licenses in parts of India due to water shortages.
- Roughly 70 percent of the water used globally is for agriculture, with as much as 90 percent in developing countries where populations are growing fastest. Water scarcity in these areas is impacting food commodity prices, as evidenced by the rice price increases in 2008 in Australia.

### 2008 Action Plan: Engaging Companies, Investors, and Others

	Met or Exceeded	Made Progress	No Progress
<b>6. Expand climate risk scrutiny and collaboration by investors, stock market analysts, and others in the finance sector.</b> <i>Investors around the world must work together to address the climate risks and opportunities that exist in every market and every asset class, and debt and equity analysts and others in the finance sector must start incorporating climate risk and opportunity into their routine financial analysis and company and portfolio valuation. Accordingly, we will:</i>			
Encourage debt and equity analysts, ratings agencies, and investment banks to incorporate climate risks and opportunities as part of their investment and valuation analysis, including analyzing and reporting on the potential impacts of foreseeable long-term carbon costs (in the range of \$20–\$40 per metric ton of CO <sub>2</sub> eq.), particularly on carbon-intensive investments such as new coal-fired power plants, oil shale, tar sands, and coal-to-liquids projects.		✓	
Encourage debt and equity analysts, ratings agencies, and investment banks to incorporate climate risks, opportunities, and carbon costs into their analysis of a new category of investment funds – infrastructure – including transportation, water, and other projects needed to support the growth of cities and the transition to a low-carbon economy.		✓	
Engage with mutual funds, hedge funds, private equity firms, and others to promote increased understanding of, and actions in response to, climate risk.		✓	
Support global information-sharing and collaboration by the growing number of institutional investors and organizations around the world concerned about climate risk.	✓		

### Successes

While INCR has not made as much progress on these action items as hoped, there has been some progress made.

- ◆ In October 2009, INCR and Citigroup released a report for analysts with input from the Planning Edge, University of Michigan Transportation Research Institute, Meszler Engineering Services, and the Natural Resources Defense Council, analyzing the impact that changes to the U.S. Corporate Average Fuel Economy (CAFE) program

may have on the automobile industry in 2016. The report is a follow-up to a Citi report from October 2007 titled *CAFE and the U.S. Auto Industry – A Growing Auto Investor Issue, 2012–2020* that examined the impact of proposed fuel economy regulation on the U.S. auto industry.

- ◆ In May 2009, INCR held a credit ratings and climate risk webinar, which was moderated by Jack Ehnes, the CEO of CalSTRS, and featured Don Kirshbaum of the Connecticut Treasurer’s Office as the institutional investor speaker. Representatives from Moody’s and Standard & Poor’s explained their view of the impact of climate change on ratings. Both said that climate was a longer-term issue but was already incorporated into their rating methods where relevant. However, the webinar highlighted the need for credit rating agencies to more explicitly define how climate change is incorporated into their models and credit ratings.
- ◆ In April 2008 and May 2009, Ceres released reports on *Mutual Funds and Climate Change* examining the mutual fund industry’s proxy voting practices on climate change shareholder resolutions. The subtitles of each report indicate an encouraging trend – in 2008, *Opposition to Climate Change Resolutions Begins to Thaw*, and in 2009, *Growing Support for Shareholder Resolutions* (see box).
- ◆ INCR has collaborated with its global colleagues – the Institutional Investors Group on Climate Change (Europe), the Investor Group on Climate Change (Australia and New Zealand), and the UNEP Finance Initiative – on a range of initiatives, including release of the 2009 Investor Statement on the Urgent Need for a Global Agreement on Climate Change.
- ◆ In 2008, INCR collaborated with CalPERS on their infrastructure investment policies to include sustainable development and environmental criteria as a consideration in making investment decisions (see box).

**CalPERS Infrastructure Policy on Renewable Energy and Sustainability:**

**“CalPERS encourages the prudent use of sustainable development methods and operational practices when reasonable and economically feasible. Consideration shall be given to the use of renewable energy technologies, recycled and renewable building materials, air and water conservation technologies and practices, and efficient waste, recycle and disposal technology and practices. Consideration shall also be given to the environmental sustainability of investments including but not limited to energy efficiency, fuel economy, alternative energy generation and distribution impacts.”**

*Source: CalPERS Infrastructure Policy*

## Going Forward

INCR members must expand their efforts to engage hedge funds, private equity firms, and others on the topic of climate risk.

INCR members must engage with debt and equity analysts, ratings agencies, investment banks, and others about the climate risks and opportunities involved in infrastructure investments.

INCR members must continue their efforts to engage mutual funds and to collaborate with investors globally.

## Progress made in Supporting Policy Action

### 2008 Action Plan: Supporting Policy Action

	Met or Exceeded	Made Progress	No Progress
<b>7. Push for guidance from the Securities and Exchange Commission (SEC).</b> <i>Climate-related shareholder resolutions and new SEC guidance are each critical to improving corporate disclosure of climate risks and opportunities. Accordingly, we will:</i>			
Continue to engage the SEC and members of Congress on requiring companies to disclose material climate risks as part of their regular securities filings. Towards this end, we will ask investors and members of Congress to support the September 2007 Investor Petition to the SEC for "Interpretive Guidance on Climate Risk Disclosure."	✓		
Continue to call on the SEC to recognize shareholders' right to vote on resolutions related to climate change and to enforce existing rules requiring disclosure of material risks.	✓		
Call on the SEC to develop expertise on climate change risks, as well as other environmental and social issues that pose material financial risks to corporations and investors.	✓		

### Successes

Ceres and INCR have repeatedly engaged the SEC on all of the elements above, including:

- ◆ In June 2009, 41 INCR members sent a letter to Chairman Mary Schapiro, asking the SEC to take several steps to improve disclosure of climate-related risks and material environmental, social and governance (ESG) risks in securities filings, particularly to:
  - Strengthen current disclosure requirements by issuing formal interpretive guidance on the materiality of risks posed by climate change that companies should be disclosing;
  - Enforce existing disclosure requirements for material ESG risks such as climate change, which are underreported;
  - Recognize shareholders' right to submit resolutions related to climate change and material ESG issues; and
  - Require disclosure of material ESG risks, based on the Global Reporting Initiative as a framework for a mandatory ESG disclosure system.
- ◆ Chairman Schapiro's letter in response to INCR members indicated she would ask staff to review SEC guidance in this area and ask the new SEC Investor Advisory Committee to examine the issues.
- ◆ In June 2008 and November 2009, 20 petitioners, including leading institutional investors in the U.S. and Europe, filed a supplement to their 2007 climate risk petition to the SEC for interpretive guidance, providing information on regulatory and scientific developments that support the need for rapid SEC action.
- ◆ In October 2009, an SEC Staff Legal Bulletin addressed shareholders' right to submit resolutions related to climate change and material ESG issues. Investors will now be able to file proposals about the financial risks of critical ESG issues such as climate change, with little chance SEC staff will allow companies to omit these resolutions from proxy statements.

**In October 2009, SEC Commissioner Elisse Walter stated in a speech that, "I believe that it is time for us to consider issuing interpretive guidance regarding [climate risk] disclosure." She added that "even without any further guidance," companies should consider whether they have disclosure obligations under existing rules.**

- ◆ Ceres participated in a September 2009 SEC-organized meeting on improving SEC handling of shareholder resolutions related to ESG risks. Ceres staff has met with and maintains ongoing communications with SEC staff about improving their procedures for allowing investors to file resolutions related to ESG risks.
- ◆ In several 2009 meetings with SEC staff and commissioners, Ceres called on the SEC to develop expertise on climate change and other environmental and social risks.
- ◆ In July 2008, the Senate Appropriations Committee approved language in the Financial Services Appropriations bill calling on the SEC to issue guidance for publicly-traded companies to assess and fully disclose their financial risks from climate change.
- ◆ In May 2008, more than 50 treasurers, comptrollers, institutional investors, asset managers, venture capitalists, and other leaders managing collectively over \$2.3 trillion in assets wrote to the Senate calling for guidance from the SEC to better define the material issues related to climate change and clarify what companies should disclose with respect to climate change in their regular financial reporting.

### Going Forward

INCR members should continue their engagement with the SEC and with members of Congress to build SEC expertise on ESG risks and encourage the integration of ESG risk evaluation throughout the SEC's operations.

<i>2008 Action Plan: Supporting Policy Action</i>	Met or Exceeded	Made Progress	No Progress
<b>8. Encourage companies and investors to support government action on climate policy.</b> <i>As fiduciaries and leaders in the investment community, we recognize the need for policies that establish regulatory certainty, minimize climate risks, and provide strong incentives for investment in clean technology and other climate change solutions. Accordingly, we will:</i>			
Continue to call for a mandatory national policy to contain and reduce national greenhouse gas emissions economy-wide, making sizable, sensible, long-term cuts in accordance with the 60–90% reductions below 1990 levels by 2050 that scientists and climate models suggest are urgently needed to avoid the worst and most costly impacts from climate change.	✓		
Continue to call for the realignment of incentives and other state and national policies to achieve climate objectives, including a range of energy and transportation policy measures to stimulate research, development, and deployment of new and existing clean technologies at the scale necessary to achieve greenhouse gas reduction goals.	✓		
Call for strong U.S. leadership in the international negotiations for a successor to the Kyoto Protocol, including a binding target to reduce emissions significantly in the United States.	✓		

### Successes

INCR members have been very active over the past two years in pushing for stronger climate and energy policies and in encouraging companies and investors to support such government action. For example:

- ◆ In February 2009, 35 treasurers, comptrollers, institutional investors, asset managers, and other leaders representing over \$3.2 trillion in assets sent a letter to Congress repeating their call for a mandatory national policy to reduce GHGs economy-wide, as well as for a suite of complementary policies such as a strong national Energy Efficiency Resource Standard, a strong national Renewable Portfolio Standard, support for renewable energy R&D, and a low-carbon fuel standard.

- ◆ In September 2009 at the International Investor Forum on Climate Change in New York, more than 180 investors with combined assets of more than \$13 trillion in assets signed the Investor Statement on the Urgent Need for a Global Agreement on Climate Change calling for leadership from the United States and others on:
  - A global target for emissions reductions of 50–85% by 2050 (1990 baseline).
  - Developed country emissions reduction targets of 80–95% by 2050 with interim targets of 25–40% by 2020 backed up by effective national action plans.
  - Developing country action plans that deliver measurable and verifiable emission reductions.
  - Government support for energy-efficient and low-carbon technology.
  - Measures that support the move to an effective global carbon market, including ambitious caps, fair and efficient allocation of allowances, and links between different trading schemes.
  - Revisions to the Clean Development Mechanism to ensure real, permanent, and verifiable emission reductions.
  - Public financing mechanisms that leverage private sector finance for investment in developing countries.
  - Measures to reduce deforestation and promote afforestation.
  - Support for adaptation to unavoidable climate change impacts.
- ◆ In July 2008, a group of 43 investors managing over \$1.5 trillion in assets called on the Senate to extend tax credits for renewable energy and energy efficiency projects.
- ◆ In May 2008, more than 50 treasurers, comptrollers, institutional investors, asset managers, venture capitalists, and other leaders managing collectively over \$2.3 trillion in assets wrote to the Senate: (1) calling for enactment of strong national climate legislation to reduce emissions consistent with the most widely-accepted science, which suggests the need for reductions on the order of 25–40% by 2020 and 80–95% by 2050, and (2) reiterating their call for the realignment of incentives and national policies to achieve climate objectives.
- ◆ Several INCR members have gone to Capitol Hill to meet with their Representatives and Senators to discuss the importance of passing strong climate and energy policies. An additional group of investors has met several times with the State Department to discuss the importance of U.S. leadership on climate change, passage of domestic climate policy, and climate change finance.

*“Suggestions that strong climate action is inadvisable in the current economic environment are misguided – such action is in fact essential, while the costs of inaction could be economically debilitating. We are convinced that building our nation’s low-carbon energy infrastructure is an important part of the solution to our current economic crisis. Given the dire state of both the economic and climate crises, it is imperative that Congress enact the climate, energy, and transportation policies we describe here.”*

*Source: Investor Statement on the Urgent Need for a Global Agreement on Climate Change.*

## Going Forward

INCR members must continue to support strong domestic and international climate and energy policies to increase investment certainty and facilitate future investments in climate solutions.

**2008 Action Plan: Supporting Policy Action**

	Met or Exceeded	Made Progress	No Progress
<p><b>9. Support policies to maximize energy efficiency.</b> <i>As fiduciaries and long-term investors, we recognize that getting more use out of the energy we already produce is one of the fastest, easiest, and cheapest ways to significantly reduce emissions and to improve the bottom line of many companies in which we invest, especially with demand for energy increasing. Accordingly, we will:</i></p>			
<p>Call for policies at the local, state, and national levels that promote a doubling of the historic rate of energy efficiency improvements in developed countries (to 2.5% per year) and significant energy efficiency improvements in rapidly industrializing and other major energy-using countries.</p>		✓	

**Successes**

Energy efficiency has been a continual focus of INCR members’ efforts.

Every letter sent by INCR members to Congress since 2008 (see Action Plan item #8) emphasized the central role that energy efficiency must play.

The September 2009 Investor Statement on the Urgent Need for a Global Agreement on Climate Change, signed by 181 investors with \$13 trillion in assets – largest of its kind – called for developed countries to adopt policies that encourage the most cost-effective emissions abatement measures, with a particular focus on energy efficiency (*see box*).

Ceres, in partnership with the Energy Future Coalition, built support in 2008 among more than 30 institutional investors, labor leaders, businesses, and other NGOs to endorse a statement in support of making energy efficiency a national priority, which was sent to both presidential candidates and all 50 governors.

**Going Forward**

INCR members must continue to emphasize the economic and environmental benefits of robust energy efficiency policies at all levels of government, including specific calls to increase the rate of energy efficiency improvements going forward.



Investor Network on  
**CLIMATE RISK**  
a project of Ceres

### INVESTOR NETWORK ON CLIMATE RISK ACTION PLAN

#### *Capitalizing the New Energy Future: Minimizing Climate Risks, Seizing Opportunities*

Given the sweeping nature of climate change, climate risks are embedded in every investment portfolio. As fiduciaries entrusted with trillions of dollars of fund assets, we remain firmly convinced that climate change presents both material risks and significant opportunities for investment portfolios.

Since the last Investor Network on Climate Risk (INCR) action plan in 2005, more investors have been taking steps to engage companies and reduce climate risks in their portfolios. More businesses, responding to investor concern, have started to disclose their climate risks and account for the impacts of climate change on their financial performance and competitiveness. More investors and companies have called on political leaders to enact legislation that would provide greater regulatory certainty, provide incentives for climate solutions, and minimize the risks that climate change poses to businesses, investors, and the economy. But greater efforts are needed.

As fiduciaries and long-term investors, we see significant short and long-term risks from climate change to the value and security of our investments and capital markets more broadly. And we recognize that the impacts of climate change will continue to be multi-dimensional – affecting corporations’ abilities to secure the full range of necessary resources such as energy and water. At the same time, we also see opportunities presented by the transition to a low-carbon future.

Prudence, common sense, and fiduciary duty compel us to renew our efforts to examine and address the financial ramifications of climate change and to respond to climate challenges and opportunities. Accordingly, we hereby state our intentions to manage our investments; to engage companies, investors, and others; and to support policy action to the best of our abilities, in line with the following agenda:

#### Managing Our Investments

##### **1. Require that our asset managers, consultants, and financial advisors consider climate risks and opportunities.**

To ensure that our investments are managed by firms and individuals that are aware of the financial threats presented by climate change, it is important that we evaluate the ability of investment consultants, advisors, and managers to assess climate risks and opportunities. Accordingly, we will:

- ◆ Require and validate that relevant investment managers currently managing or seeking to manage our fund assets, as well as investment consultants and advisors, report on how they are assessing the risks and opportunities associated with climate change. Such a requirement can be accomplished through Requests for Proposals (RFPs), by making climate risk assessment a required part of regular manager reviews, by requiring managers to use a sustainability or climate risk screen, or by other methods.

##### **2. Invest capital in companies developing and deploying clean technologies.** We believe investments in clean, climate-friendly technologies – such as energy efficiency and renewable energy – represent significant opportunities and will ultimately enhance and sustain the long-term viability of corporate assets and shareholder value by broadening and deepening the range of tools available to help the world avoid the worst impacts of climate change. Accordingly, we will:

- ◆ Seek investment opportunities in all appropriate asset classes to support clean technology efforts. Our goal is to deploy \$10 billion collectively in additional investment over the next 2 years.

**3. Improve the energy performance of real estate portfolios and investments.** Studies demonstrate that enormous opportunities exist to improve building energy efficiency while enhancing the value of real estate assets. Accordingly, we will:

- ◆ Aim for a 20% reduction over a three-year period in energy used in core real estate investment portfolios, using standardized units of measurement, performance baselines, and regular reporting on measures taken and actual energy performance.
- ◆ Incorporate green building standards (such as LEED and Energy Star) as a factor in making investment decisions.

### Engaging Companies, Investors, and Others

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**4. Urge comprehensive corporate responses to climate risks.** As investors in publicly-held companies in the auto, electric power, coal, oil & gas, insurance, real estate, construction, financial, forestry, and many other sectors, we desire greater information and action from companies on climate risks and opportunities, recognizing the broader sustainability context. Accordingly, we will:

- ◆ Urge companies to elevate climate change as a governance priority, using the Ceres “Climate Change Governance Checklist.”
- ◆ Urge companies to provide better disclosure about the financial and material risks posed by climate change and to explain how they are factoring carbon costs into operational and capital-planning decisions. Such disclosure should follow the Global Reporting Initiative (GRI) guidelines and the Global Framework on Climate Risk Disclosure.
- ◆ Support appropriate shareholder resolutions, company engagements, and other efforts to encourage companies to reduce their carbon footprint, seize new market opportunities, and ask corporate suppliers to disclose and reduce greenhouse gas emissions and energy use.

**5. Help investors evaluate and address corporate climate risks.** Investors often need additional information and guidance to better evaluate and engage companies on climate risks and opportunities. Accordingly, we will:

- ◆ Urge companies to adhere to best practices in corporate governance on climate risk by producing and distributing through the Investor Network on Climate Risk (INCR) a new “Corporate Governance and Climate Change” report evaluating and scoring 100 leading global companies on their governance practices and responses to the risks and opportunities from climate change.
- ◆ Produce and distribute through INCR a report evaluating how climate change is exacerbating water scarcity and evaluating how water-intensive sectors are managing water-related risks.
- ◆ Develop and promote proxy voting guidelines that encourage support for reasonable shareholder proposals on climate risk.

**6. Expand climate risk scrutiny and collaboration by investors, stock market analysts, and others in the finance sector.** Investors around the world must work together to address the climate risks and opportunities that exist in every market and every asset class, and debt and equity analysts and others in the finance sector must start incorporating climate risk and opportunity into their routine financial analysis and company and portfolio valuation. Accordingly, we will:

- ◆ Encourage debt and equity analysts, ratings agencies, and investment banks to incorporate climate risks and opportunities as part of their investment and valuation analysis, including analyzing and reporting on the potential impacts of foreseeable long-term carbon costs (in the range of \$20–\$40 per metric ton of CO<sub>2</sub>eq.), particularly on carbon-intensive investments such as new coal-fired power plants, oil shale, tar sands, and coal-to-liquids projects.

- ◆ Encourage debt and equity analysts, ratings agencies, and investment banks to incorporate climate risks, opportunities, and carbon costs into their analysis of a new category of investment funds – infrastructure – including transportation, water, and other projects needed to support the growth of cities and the transition to a low-carbon economy.
- ◆ Engage with mutual funds, hedge funds, private equity firms, and others to promote increased understanding of, and actions in response to, climate risk.
- ◆ Support global information-sharing and collaboration by the growing number of institutional investors and organizations around the world concerned about climate risk.

## Supporting Policy Action

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**7. Push for guidance from the Securities and Exchange Commission (SEC).** Climate-related shareholder resolutions and new SEC guidance are each critical to improving corporate disclosure of climate risks and opportunities.

Accordingly, we will:

- ◆ Continue to engage the SEC and members of Congress on requiring companies to disclose material climate risks as part of their regular securities filings. Towards this end, we will ask investors and members of Congress to support the September 2007 Investor Petition to the SEC for “Interpretive Guidance on Climate Risk Disclosure.”
- ◆ Continue to call on the SEC to recognize shareholders’ right to vote on resolutions related to climate change and to enforce existing rules requiring disclosure of material risks.
- ◆ Call on the SEC to develop expertise on climate change risks, as well as other environmental and social issues that pose material financial risks to corporations and investors.

**8. Encourage companies and investors to support government action on climate policy.** As fiduciaries and leaders in the investment community, we recognize the need for policies that establish regulatory certainty, minimize climate risks, and provide strong incentives for investment in clean technology and other climate change solutions.

Accordingly, we will:

- ◆ Continue to call for a mandatory national policy to contain and reduce national greenhouse gas emissions economy-wide, making sizable, sensible, long-term cuts in accordance with the 60–90% reductions below 1990 levels by 2050 that scientists and climate models suggest are urgently needed to avoid the worst and most costly impacts from climate change.
- ◆ Continue to call for the realignment of incentives and other state and national policies to achieve climate objectives, including a range of energy and transportation policy measures to stimulate research, development, and deployment of new and existing clean technologies at the scale necessary to achieve greenhouse gas reduction goals.
- ◆ Call for strong U.S. leadership in the international negotiations for a successor to the Kyoto Protocol, including a binding target to reduce emissions significantly in the United States.

**9. Support policies to maximize energy efficiency.** As fiduciaries and long-term investors, we recognize that getting more use out of the energy we already produce is one of the fastest, easiest, and cheapest ways to significantly reduce emissions and to improve the bottom line of many companies in which we invest, especially with demand for energy increasing. Accordingly, we will:

- ◆ Call for policies at the local, state, and national levels that promote a doubling of the historic rate of energy efficiency improvements in developed countries (to 2.5% per year) and significant energy efficiency improvements in rapidly industrializing and other major energy-using countries.

## Investors Signed on to 2008 Action Plan (as of February 13th):

Assets Under Management now signed-on: \$1.75 trillion

### *Pension Funds, Labor, State Treasurers, State/City Comptrollers*

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**John Chiang**, California State Controller  
**Rob Feckner**, Board President, California Public Employees' Retirement System (CalPERS)  
**Jack Ehnes**, CEO, California State Teachers' Retirement System (CalSTRS)  
**Bill Lockyer**, California State Treasurer  
**Denise L. Nappier**, Connecticut State Treasurer  
**Alex Sink**, Florida Chief Financial Officer  
**General Robert Milligan**, Executive Director, Florida State Board of Administration (SBA)  
**Michael Goetz**, Chairman of the Board, Illinois State Board of Investment  
**Nancy K. Kopp**, Maryland State Treasurer

**Tim Cahill**, Massachusetts State Treasurer  
**Orin S. Kramer**, Chair, New Jersey State Investment Council  
**William C. Thompson, Jr.**, New York City Comptroller  
**Thomas P. DiNapoli**, New York State Comptroller  
**Richard Moore**, North Carolina State Treasurer  
**Randall Edwards**, Oregon State Treasurer  
**Robin L. Wiessmann**, Pennsylvania State Treasurer  
**Frank T. Caprio**, Rhode Island General Treasurer  
**Andrew Stern**, President, Service Employees International Union  
**Bruce Raynor**, President, UNITE HERE  
**Jeb Spaulding**, Vermont State Treasurer

### *Financial Services Firms, Asset Managers, Other Leaders in Investing*

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**Geeta Aiyer**, President, Boston Common Asset Management  
**Barbara J. Krumsiek**, President and CEO, Calvert Group, Ltd.  
**Michael Johnston**, Executive Vice President, The Capital Group Companies \*  
**Jeff Skoll**, Chairman, Capricorn Management LLC  
**Amy L. Domini**, Founder and CEO, Domini Social Investments LLC  
**Don Rolfe**, President and CEO, Ethical Funds  
**Karina Litvack**, Director, Head of Governance & Sustainable Investment, F&C Management Ltd.  
**Peter Knight**, President, Generation Investment Management, US  
**Vinod Khosla**, Founder, Khosla Ventures

**L. John Doerr**, Partner, Kleiner Perkins Caufield & Byers  
**Stephen Dodson**, Chief Operating Officer, Parnassus Investments  
**Joe Keefe**, CEO, Pax World Funds  
**Rev. William Somplatsky-Jarman**, Presbyterian Church (U.S.A.)  
**Michael Crosby**, OFM Cap., Province of St. Joseph of the Capuchin Order, Milwaukee  
**Joan Bavaria**, President, Trillium Asset Management  
**Timothy Brennan**, Treasurer, Unitarian Universalist Association  
**Tim Smith**, Senior Vice President, Walden Asset Management  
**Jack Robinson**, President, Winslow Management Company

### *Foundations*

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**Diane Edgerton Miller**, President and CEO, Blue Moon Fund  
**Denis Hayes**, President and CEO, Bullitt Foundation  
**Edith T. Eddy**, Executive Director, Compton Foundation  
**Eric Heitz**, President, The Energy Foundation  
**Jenny D. Russell**, Executive Director, The Merck Family Fund  
**Lance E. Lindblom**, President & CEO, Nathan Cummings Foundation

**Stephen A. Foster**, President and CEO, The Overbrook Foundation  
**Stephen B. Heintz**, President, Rockefeller Brothers Fund  
**Richard Woo**, CEO, The Russell Family Foundation  
**Sally Osberg**, President, Skoll Foundation  
**Timothy E. Wirth**, President, United Nations Foundation  
**Wren W. Wirth**, President, The Winslow Foundation

### Supporters in Principle:

Assets Under Management: \$6.5 trillion

**Rob Lake**, Head of Sustainability, ABP investments  
**Donald MacDonald**, Trustee, British Telecommunications Pension Scheme (BTPS)  
**Kevin Parker**, CEO, Deutsche Asset Management & Member Group Executive Committee, Deutsche Bank

**Peter Dunscombe**, Chairman, Institutional Investors Group on Climate Change (IIGCC)  
**Howard Jacobs**, Trustee, Universities Superannuation Scheme (USS)

\* = firm name listed for identification purposes only

For more information on INCR or the Action Plan contact Christopher Fox at [fox@ceres.org](mailto:fox@ceres.org) or 617-247-0700 ext. 15







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