NEWS RELEASE

CALIFORNIA STATE TREASURER BILL LOCKYER

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Contact: Tom Dresslar
916-653-2995

Treasurer Lockyer Joins Coalition to File Petition with Federal Regulators Seeking Full Disclosure of Companies' Climate Risks

Investors, Environmental Groups, State Officials Sign Landmark Petition

WASHINGTON D.C. – State Treasurer Bill Lockyer and a coalition of major investors and environmental groups today petitioned the U.S. Securities and Exchange Commission (SEC) to uphold shareholders' right to full disclosure by publicly-traded companies of the financial risks and benefits climate change presents to their operations and profits.

"Pension funds which protect workers' retirement benefits, and other investors, want to ensure their portfolios reflect the risks and benefits related to climate change," said Lockyer, who sits on the governing boards of the nation's two largest public-employee pension funds. "Shareholders have a right to the information needed to make that assessment, and current SEC regulations require companies to make those disclosures. The SEC should clarify and spell out the requirements so investors' decisions fully account for climate change's growing financial effects."

The first-of-its-kind petition – filed by a coalition that includes institutional investors managing more than $1.5 trillion in assets – asks the SEC to issue specific guidance governing companies' requirement to disclose:

- Corporate policies and governance structures on climate change.
- Current and forecast greenhouse gas emissions assigned to assets.
- Climate-related physical risks that are material to operations.
- Financial risks and opportunities associated with greenhouse gas regulation.
- Legal proceedings relating to climate change.

In a separate letter, the petitioners today also called on the SEC to take immediate action on corporate climate disclosure, pending its adoption of the requested new guidance.

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The letter asked the SEC's Division of Corporation Finance to closely scrutinize the adequacy of existing climate risk disclosures and take action when registrants fail to disclose material information. The petitioners urged the Division to pay particular attention to disclosures in industry sectors that emit high levels of greenhouse gases or are subject to greenhouse gas regulations.

In addition to Lockyer, California signers of the petition include the California Public Employees' Retirement System (CalPERS), California State Teachers' Retirement System (CalSTRS) and State Controller John Chiang. Lockyer and Chiang sit on the governing boards of CalPERS and CalSTRS, which have a combined investment portfolio of $415 billion.

Environmental Defense and Ceres helped lead the coalition, which also includes: leading institutional investors in the U.S. and Europe; and state-government financial and law enforcement officials in Florida, Kentucky, Maine, Maryland, New Jersey, New York, North Carolina, Oregon, Rhode Island and Vermont.

The petition cites mounting scientific evidence that climate threats to corporate operations, and exposure to future greenhouse gas regulations and litigation, are material to shareholder investment decisions and must be disclosed under existing law.

Climate change can affect corporate performance in ways ranging from physical damage to facilities and increased costs of regulatory compliance, to shifts in global markets for climate-friendly products or services that produce little or no global warming emissions. Those risks fall squarely into the category of material information that companies must disclose under existing law to give shareholders a full and fair picture of corporate performance and operations, the petition says.

Lockyer noted the business community increasingly has recognized the importance of climate change as a bottom-line risk factor. A survey of 4,000 executives conducted in 2006 by the consulting firm McKinsey found climate change was the third most-commonly cited risk to shareholder value. And Marsh, the word's largest insurance broker, said in April 2006, "Climate risk cuts across almost every industry in every corner of the world."

Despite a groundswell of demand from investors for more information on climate risks, corporate disclosure has been scant and inconsistent. A January 2007 study published by Ceres and the Calvert Group, an asset management firm, found that more than half of the companies in the S&P 500 Index are doing a poor job disclosing climate change risks to their investors. Disclosure was especially poor in economic sectors with low greenhouse gas emissions, including insurance companies and banks.

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