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State pension funds target climate change

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A coalition of investors led by California's two influential public pension funds today will unveil an ambitious plan to prod companies and regulators to act more aggressively to stem the potential financial risks from climate change.

The unveiling will come at a gathering of more than 450 major investors, Wall Street executives and corporate chieftains at the third United Nations Investor Summit on Climate Risk in New York.

"The level of attention to risk analysis has to be increased," Jack Ehnes, chief executive officer of the \$174 billion California State Teachers' Retirement System, said Wednesday. "The call to action really embraces far deeper commitments."

Unlike the first summit in November 2003, this latest is expected to resonate with Wall Street and corporate executives.

"Clearly, companies ... view this as a strategic business issue," said Truman Semans, director for markets and business strategy at the Pew Center on Global Climate Change.

The changing mind-set comes as Congress considers mandatory limits on greenhouse gas emissions, foreign competition grows stiffer and Wall Street demands companies start to address climate risk. The message from the street is growing louder:

- In the past year, analysts have written nearly 100 reports on the issue.
- This year, some 60 shareholder resolutions on climate risk are up for vote on corporate proxies – up from three in 2003.
- Last week, the nation's largest investment banks imposed environmental standards making it tougher for utilities to get financing for coal-fired power plants.
- Bank of America Corp. unveiled an environmental banking team Tuesday and announced it would factor the cost of carbon-dioxide emissions when weighing decisions to finance new coal-fired power plants.

"The financial community's focus on this issue is laserlike," said Mindy Lubber, president of Ceres, a Boston-based coalition of environmentalists, investors and public interest groups dealing with climate change.

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