



**STATE BOARD OF ADMINISTRATION
OF FLORIDA**

**1801 HERMITAGE BOULEVARD
TALLAHASSEE, FLORIDA 32308
(850) 488-4406**

**POST OFFICE BOX 13300
32317-3300**

**CHARLIE CRIST
GOVERNOR
AS CHAIRMAN
ALEX SINK
CHIEF FINANCIAL OFFICER
AS TREASURER
BILL McCOLLUM
ATTORNEY GENERAL
AS SECRETARY
COLEMAN STIPANOVICH
EXECUTIVE DIRECTOR**

VIA EMAIL rule.comments@sec.gov

October 24, 2007

Nancy M. Morris
Secretary, U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File No. 4-547—Request for Interpretive Guidance on Climate Risk Disclosure

Dear Ms. Morris:

I write to you to endorse the Petition for Interpretive Guidance on Climate Risk Disclosure that was filed with the Commission on September 18, 2007 by Ceres, Environmental Defense and other institutional investors representing over \$1.5 trillion in assets.

The petition urges the SEC to promptly issue interpretive guidance clarifying that a registrants' obligation to disclose material information encompasses climate-related risk, including impacts arising from present governmental regulation of greenhouse gas (GHG) emissions and business effects associated with climate change under existing law, including Regulation S-K. The signatories to the Petition also requested that the Division of Corporation Finance carefully scrutinize the adequacy of registrants' disclosures concerning climate risk under existing regulations. The State Board of Administration (SBA) of Florida believes access to material information concerning the risks and opportunities that companies face, and their means of addressing those risks and opportunities, is important to investors.

Specifically, the petition asks the Commission to provide interpretive guidance concerning corporations' obligation to disclose climate risk information under existing regulations, including Regulation S-K Items 101, 103, and 303. Because this obligation exists under current law, the Division of Corporation Finance need not and should not wait for the Commission's decision on that request in order to increase its scrutiny of the adequacy of climate risk disclosures in corporate filings. For example, we believe the Division should compare disclosures of firms within an industry, and make further inquiries of registrants that have failed to disclose potential material information that their competitors have disclosed. Also, when registrants do disclose climate-related initiatives in voluntary disclosures such as "sustainability" reports, but not in their mandatory disclosures under Regulation S-K, Division staff should review whether such information is material to corporate performance and operations and therefore subject to disclosure in mandatory filings.

Item 101 of Regulation S-K specifically requires disclosure of the material impact on earnings, capital expenditures and competitive position resulting from compliance with Federal, State or local laws. Several states, including California and New Jersey, have enacted legislation restricting carbon dioxide emissions that would entail corporate disclosure of material effects under these laws. Item 103 already

requires disclosure and discussion of legal proceedings for material litigation, which logically extends to climate-related matters. The broadest requirement in Regulation S-K is contained with the "Management Discussion & Analysis" in Item 303. This section requires discussion of known trends that have or could reasonably have material impact on revenues or assets. Material is defined by the SEC as information that a reasonable investor would attach importance to in making purchase decisions.

It is the materiality of the information which is important for determining disclosure requirements under each of these existing items; the source of the legislation, litigation or business risk that initiates the material effect is irrelevant, outside of the ordinary business exclusion. The SBA believes that climate change can reasonably be expected to have material effects on registrants' performance and operations and therefore is subject to disclosure and discussion under existing SEC requirements.

Broad-based investor demand for climate risk information underscores the conclusion that this information is material in the assessment of many corporations' performance and operations and is critical to investors' ability to make informed assessments about corporate value. Depending on the circumstances of an individual corporation, the type of material climate risk information that warrants disclosure could extend to corporate policies and governance structures relating to climate change, a tabulation of the registrant's current and forecast greenhouse gas emissions, or discussion of physical risks to corporate facilities or operations arising from climate change.

Recent comprehensive reviews of corporate climate risk disclosures demonstrate that, although many registrants engage in some disclosure, overall these disclosures have been inconsistent, non-existent or inadequate. Unfortunately, most registrants include little or no climate risk information in their periodic reporting. In some cases, disclosures have been inadequate or non-existent within industries that are recognized to be distinctly at risk from climate change or from regulation of GHG emissions. As the world's largest oil company by market capitalization, Exxon Mobil Corporation has made inadequate disclosures of climate change and failed to discuss GHG or carbon dioxide subject matter in its most recent annual report filing.¹ As the largest personal lines insurer in the U.S., Allstate Corporation failed to make any disclosures related to climate change in its most recent filing.² Because current disclosures are frequently inadequate and inconsistent, closely scrutinizing the adequacy of registrants' climate disclosures should now be a high priority.

In sum, climate risk disclosure is of great importance to investors and to the ability of our financial markets to adjust to the regulatory and physical changes resulting from climate change. We believe all companies should further evaluate their climate change liabilities, risks and opportunities and make appropriate disclosures.

We appreciate the opportunity to comment on and thank you for your consideration of these important issues. If you have any questions, please contact Michael McCauley, Senior Corporate Governance Officer, at (850) 413-1252 or mike.mccauley@sbafla.com, or me.

Sincerely,



Coleman Stipanovich
Executive Director

¹ Exxon Mobil Corporation, 2006 Annual Report (Form 10-K), filed February 28, 2007.

² Allstate Corporation, 2006 Annual Report (Form 10-K), filed February 22, 2007.