

Investor Interest in Climate Risk and Opportunity

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Ceres...A Dynamic Network

- A coalition of 80-plus investors, environmental, and public interest groups.
- A network of more than 70 companies representing diverse industries & businesses.
- A leader in bringing companies together with their stakeholders in a constructive dialogue on environmental, social and governance issues.
- Initiator of the Global Reporting Initiative (GRI), and the Investor Network on Climate Risk.

Some of Our Coalition Members

- AFL-CIO
- Calvert Group
- Connecticut State Treasurer's Office
- Co-op America
- Environmental Defense
- F&C Asset Management
- Friends of the Earth
- Interfaith Center on Corporate Responsibility
- KLD Research & Analytics
- National Wildlife Federation
- Natural Resources Defense Council
- New York City Comptroller's Office
- Social Investment Forum
- Social Accountability Int'l
- Sierra Club
- Trillium Asset Management
- Union of Concerned Scientists
- World Wildlife Fund

A Selection of Ceres Companies

- American Airlines
- Bank of America
- Baxter International
- Coca-Cola
- Con Edison
- Dell Inc.
- Ford Motor Company
- General Motors Corp.
- General Mills
- Green Mountain Power
- Interface, Inc.
- McDonald's Corp.
- Nike
- PG&E Corp.
- PPL Corporation
- State Street Corp.
- Sunoco, Inc.
- Time Warner
- The Timberland Company

Ceres Operating Assumptions

- Sustainability and corporate value are *strongly linked* - commitment to continuous improvement
- The foundation of sound corporate governance is *measurement and disclosure* - what gets measured gets managed and what gets disclosed gets done
- Disclosure and dialogue *build trust* and credibility
- Diversity is strength—multiple perspectives can create more *innovative* and *longer-lasting solutions*

Investor Network on Climate Risk

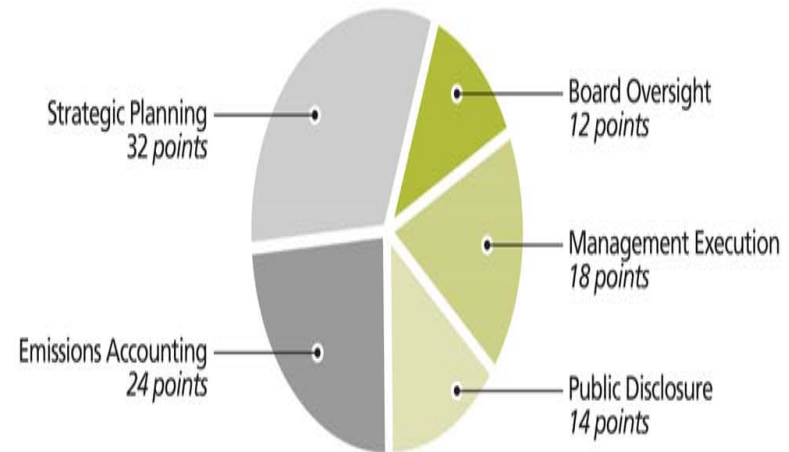
Investors Have:

- **Grown Investor Network on Climate Risk** five-fold since 2003, now 50+ members and more than \$4 trillion in assets
- **Announced 10-Point Action Plan** – May 2005
- **Requested Climate Risk Reports** - many companies have acknowledged their responsibility to disclose and are taking action to address the risks.
 - BP, Shell, Suncor, Statoil, ConocoPhillips, Total, Ford Motor Company, AEP, Cinergy, FirstEnergy, Progress Energy, DTE Energy
- **Developed a Climate Disclosure Framework** - details to be released soon...

Corporate Governance & Climate Risk Methodology

Examples of criteria

- How the board of directors is treating the issue of climate change?
- Is a senior officer responsible for attaining GHG targets?
- Are the company's climate risks adequately disclosed to investors?
- Has the company established an emissions baseline dating back 10 years?
- Has the company set a credible GHG target?
- Is the company pursuing the purchase or development of renewable energy sources?



Climate Change Governance Weighting

Global Framework for Climate Risk Disclosure

- **Emissions** - absolute and normalized, past, current and future, direct and indirect
- **Strategic Analysis** - position statement, emissions management, governance and mgmt programs, reductions targets, projects, competitiveness
- **Physical Risks** - potential impact of changes, in weather, climate, sea level rise, health impacts, and adaptation strategies
- **Regulatory Scenario Analysis** - existing and plausible legislative/regulatory proposals, transparent assumptions re carbon costs and methodology.

What really is best practice?

- **Engage** - with all relevant stakeholders (employees, mgmt., board, customers, suppliers, shareholders, NGOs, regulators)
- **Disclose** - all relevant information (past, current and projected emissions, reduction commitments and projects, overall plans and business strategies)
- **Act** - publicly acknowledge significance of climate change, make specific reduction commitments, factor cost of carbon into capital plans, perform scenario analysis, participate in collaborative efforts, **seek constructive public policy solutions**

Thank you!

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