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ON THE WEB

Pension Funds Plan to Press Global Warming as an Issue

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Officials controlling some of the nation's largest pension funds announced plans yesterday to press regulators, public companies and Wall Street to pay more heed to the potential financial upheaval from climate change. They said that their effort would be coordinated through a new group, the Investor Network on Climate Risk.

In global warming, we are facing an enormous risk to the U.S. economy and to retirement funds that Wall Street has so far chosen to ignore," said Philip Angelides, the treasurer of California.

In addition to Mr. Angelides, the founders of the network include the New York State comptroller, Alan Hevesi; the New York City comptroller, William Thompson; and Denise Nappier, the treasurer of Connecticut. They were joined by counterparts from New Mexico, Oregon, Maine and Vermont as well as officials overseeing two major union pension funds.

Their plans, which they termed a "call to action," were announced in conjunction with a meeting at the United Nations that brought together fund managers representing more than $1 trillion in assets and representatives from numerous Wall Street banks and investment advisers.

The meeting was the most elaborate effort yet by a growing group of fund managers, shareholder advocates and environmentalists to persuade businesses to move more aggressively to identify and address problems they might face from global warming, increasingly frequent extreme weather and other climate changes that have been linked to the rapid buildup in the atmosphere of carbon dioxide and other heat-trapping gases.

The meeting was addressed by both Kofi Annan, the secretary general of the United Nations, and the former vice president, Al Gore, who said, "This is not business as usual - the relationship between the human species and the planet on which we live has been utterly transformed."

Investment managers who attended the meeting said they had no trouble agreeing that the challenge was a daunting one. But many fund managers were uncertain how the climate change projections reviewed at the start of the meeting could translate into investment strategy. One recounted his experience setting up a fund at the request of two clients in 1990 to invest in companies that were developing environmentally beneficial products or doing business in a more environmentally sound way than their peers. The clients asked him to shut the fund down just more than two years later when it failed to do as well as the rest of the stock market.

Abby Joseph Cohen, managing director at Goldman Sachs, noted the public was not yet rewarding sensitivity to climate issues in the marketplace or at the polls. "Someone's obviously buying and driving those S.U.V.'s, and they are voting," she said.

But others like Mr. Angelides argued that responsible pension fund managers had a legal responsibility to take a longer view. He said managers had to prod businesses to study the issue more and report more, invest in companies positioned to profit from climate change, put some of their money into funds that screen businesses for socially responsible behavior, and, if they own real estate, look to reduce the environmental impact of their buildings.

The Investor Network founders said that one of their first moves would be to press the Securities and Exchange Commission to require more disclosure in corporate filings of climate risks and to give investors more leeway in forcing companies to allow shareholder resolutions on the subject at annual meetings.

None of the activists said that they planned to divest themselves of the stocks of companies they viewed as lagging on climate concerns. Mr. Hevesi called divestment the last resort.