



# Florida's Climate Risk Initiative

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State of Florida

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# Climate Change a Financial Risk?

- Yes

- Investors Concerned about Risks to their Investments



# Preparation is Key

- **Physical Changes**

- Rising Sea Levels, Pollution, Loss of Natural Resources

- **Government Regulations**

- Stricter Emissions, Higher Mileage Standards, Corporate Disclosure



# Preparation is Key

- Buggy Whips

- 8-Tracks



# ● ● ● | Beginnings

- Spring, Summer & Fall 2007
  - Cabinet Level Workshops—  
“Conversations on Climate Change”
- Florida Joins Investor Network on Climate Risk (INCR)
- Florida Stands with other Treasurers—  
Urges SEC to Require Disclosure of Climate Risk



# Addressing Climate Risk Within Florida's Treasury

- \$17 Billion Fixed Income Portfolio
- Corporate Bonds-- \$3 Billion
- Corporate Bonds
  - Internal and External Investment Managers



# Semi-Annual Reviews

October 2007

- How does Climate Risk Factor into Corporate Holdings in Managers' Portfolios?
- Answers:
  - Books of Materials
  - "I've got nothing ... but I ride a bike to work."



# Increasing Focus

- CFO Sink Addresses Importance of Disclosure at U.N. Investor Summit on Climate Risk
- Hire RiskMetrics Group
  - Proven Financial Risk Leaders
- Evaluate Internal & External Managers' Corporate Portfolios



# Evaluating Climate Risk...

## ○ RiskMetrics' Framework

- Board Oversight– 12 percent
- Management Execution– 18 percent
- Public Disclosure– 14 percent
- Accounting Data– 24 percent
- Emissions Management– 32 percent



# Climate Risk Initiative Goals

- Improve Investment Performance
- Raise Awareness of Climate Risk
- Encourage Managers to Be Aware of Climate Risk When Making Investment Decisions



## Next Steps...

- Monitor Investment Managers' Performance
- Set Investment Benchmarks for Investment Managers to Achieve by a Set Date.