



WSIB Wants More Disclosure on Climate Change Risks

(September 18, 2014)

Olympia – The Washington State Investment Board (WSIB) put its investment partners on notice today that it wants full disclosure of the climate change risks faced by the companies in which it invests and what those companies are doing to manage those risks.

At its meeting today, the Board adopted an investment belief initiated by outgoing Board Chair and state Treasurer James McIntire, which states in part: “We believe that a full disclosure of these (climate change) risks anticipated by the companies in which we invest and the investments managers with whom we partner, along with full disclosure of what they are doing to manage these risks, is necessary for us to invest responsibly”

“As a long-term investor, we simply cannot afford to have our investment partners ignore the increasingly obvious financial risks of climate change. We need this information to prudently manage the risks in our portfolio,” McIntire said. “This is not just about fossil-fuel investments, it’s also about our investments in agriculture, real estate and a myriad of industries with potential vulnerabilities.”

McIntire has chaired the Board for the last three years and has on several occasions expressed the WSIB’s position that it prefers to work with and engage companies on issues of concern, such as climate change and greenhouse-gas emissions, rather than divest. Like other large public pension funds, the WSIB has been urged to sell its holding in fossil-fuel companies.

“Because most of the WSIB’s investments are externally and passively managed, it would be a difficult and costly exercise to divest,” McIntire said. “But more importantly, once you sell your stock, you’ve lost your voice and any influence you had in the way the company is being managed. You’ve sold your seat at the table to someone else.”

In addition to adopting the investment belief, the Board also signaled it would be willing to consider supporting shareholder proposals requiring companies to report on their efforts to address the risks associated with climate change.

The Board approved a new proxy voting guideline on shareholder initiatives. It states that generally, the WSIB “supports shareholder proposals seeking greater disclosure of a company’s practices that address environmental issues and risks. This includes disclosure of actual and potential liabilities and contingency plans that respond to potential risk posed by climate change.”