Why this divestment campaign is different?

CLIMATE CHANGE PRESENTS INVESTMENT RISK, OPPORTUNITY

According to ClimateTracker.org, most coal, oil, and gas reserves of publicly listed companies are “unburnable” if the world is to have a chance of not exceeding global warming of 2°C. If that scenario plays out, the value of these companies will decrease significantly. Mercer research further demonstrates the risk that climate change may pose for investors.

HOW THINGS COULD CHANGE BY 2030

<table>
<thead>
<tr>
<th>Cost Category</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated costs of technology investments related to climate change mitigation</td>
<td>$5 trillion</td>
</tr>
<tr>
<td>Accumulated costs of climate change physical impact</td>
<td>$4 trillion</td>
</tr>
<tr>
<td>Increased cost of carbon emissions due to climate change policy measures</td>
<td>$8 trillion</td>
</tr>
</tbody>
</table>

How are your managers doing?

INVESTMENT MANAGERS TAKE LITTLE ACTION

In 2008, Mercer committed to rating thousands of investment strategies on how they incorporated sustainability considerations from an investment perspective. Despite the growth in this area and the mounting evidence of materiality, only a small percentage of managers across asset classes and geographic regions receive the highest ratings.

PERCENTAGE OF MANAGERS, BY ASSET CLASS, RECEIVING MERCER’S HIGHEST RATINGS FOR INTEGRATING SUSTAINABILITY ISSUES INTO THEIR INVESTMENT PROCESSES

SOURCE: Environmental, social and corporate governance (ESG) ratings update. Mercer, May 2013
Reaction from Mercer non-profit clients
Survey responses, August 2013

65% of non-profits have heard of the campaign

20% have discussed it or will discuss it

80% continuing to discuss and/or taking some action

Top actions taken

• Reviewing fossil fuel exposure
• Positive investments
• Reviewing existing investment managers
• Developing a policy
• Setting up a committee
• Joining collaborative initiative
• Proxy voting guidelines
• Divesting
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