

CLIMATE CHANGE REPORT

WHEREAS:

Carbon regulation is increasing as state and local level support for addressing climate change builds. More than 350 mayors have pledged to meet Kyoto's targets for reducing greenhouse gas (GHG) emissions. At the state level, regulations addressing GHG emissions now exist in 28 states.

Support for measures addressing climate change is also increasingly being demonstrated at the federal level. In June of 2005, the Senate passed a non-binding "Sense of the Senate" resolution recognizing the need for a mandatory cap on GHG emissions. According to *Investor's Business Daily*, "[M]any in Washington are coming to view rigorous greenhouse gas legislation as inevitable."

These developments are being reinforced by corporate acceptance of the need to address climate change. A 2004 Conference Board report declared that, "The global economy will become less carbon-intensive over time...The real questions are what the pace of the transition will be and who will be the winners and losers...businesses that ignore the debate over climate change will do so at their peril."

There is increasing recognition that climate change will have important impacts on all sectors. According to Institutional Shareholder Services, "...the scope of impact has expanded beyond the industries generally associated with emissions (energy, oil/gas, auto) . . . climate change has a measurable impact on companies in all industries."

Analysts at firms such as Goldman Sachs, McKinsey and JPMorgan Chase have publicly recognized the possible financial implications of climate change and have raised concerns about companies that do not adequately disclose them.

A recent article in *Inside Green Business* reviewed a new study that demonstrates that the retail sector accounts for a large percentage of GHG emissions once supply chain and energy inputs are accounted for, which could shift some of the burden for reducing GHGs from power generators to retailers.

Other retailers such as Home Depot and Wal-Mart have committed to addressing climate change and reducing their emissions and have even encouraged Congress to regulate GHG emissions.

A 2006 shareholder resolution seeking a report on corporate energy efficiency efforts garnered more than 27% of the votes cast, a request to which Bed Bath and Beyond's management has not substantively responded to date.

Our company has failed to adequately complete the Carbon Disclosure Project survey, whose fourth iteration has gained significant investor support, including 225 institutional investors with assets of more than \$31 trillion under management.

RESOLVED:

The shareholders request that the Board assess how the company is responding to rising regulatory, competitive, and public pressure to address climate change and report to shareholders (at reasonable cost and omitting proprietary information) by December 1, XXXX.

SUPPORTING STATEMENT:

We believe management has a fiduciary duty to carefully assess and disclose to shareholders all pertinent information on its response to climate change. We believe taking early action to reduce emissions and prepare for standards could provide competitive advantages, while inaction and opposition to climate change mitigation efforts could expose companies to regulatory and litigation risk and reputational damage.